ANNUAL REPORT 2014

heijmans

National Military Museum

Exploitation of NMM: pioneering between theory and practice

The 2014 annual report of Heijmans N.V.
is available at heijmans.nl .

Publication date: 26 February 2015

This annual report is published in both Dutch and English. In the case of differences between the Dutch and the English version, the former shall prevail.

Reverse: National Military Museum, Soesterberg

Contents

CHAIRMAN'S MESSAGE

Transition to a technology and knowledge-driven organisation

Bert van der Els
CEO Heijmans N.V.

The construction industry is changing more than any other sector as a result of the financial and economic crisis. This means that distinctive qualities in the form of knowledge and technology are becoming increasingly important. This will enable construction to be faster and more efficient, and to address spatial planning issues more sustainably.

This development is already in full swing. As a result 2014 was therefore another extremely difficult year. Competition is intense and margins remain under pressure. This is shown in our performance last year. Although the order book has increased strongly and the housing market is recovering, ultimately the result in 2014 was negative. Property Development and Residential are recovering, although Infra (Roads and Civil) in the Netherlands realised substantially lower revenues and a negative result. The effect of the arbitration regarding the Energiefabriek in Tilburg was a significant factor here. Revenue declined sharply at Non-Residential, which makes it necessary to implement organisational changes. The pressure on revenue and the result, in combination with reorganisation costs, has led to an impairment of property and land holdings, a negative operating result and closure of the year with a loss.

The development of the result during the year has led to the loss of more than 350 jobs. The job losses occurred mainly at Non-Residential, where the cost level is being adjusted to the lower revenue, partly due to the late-cyclical nature of technical services. In addition, it is clear that the direction of complex infrastructure works requires a revision of the organisation. This has led to refining of the business model, whereby Roads and Civil will be combined into a single business area, to be known as Infra. This will enable better management of complex and large-scale projects. The recovery in the housing market, our fast time-to-market, the various partnerships entered into in anticipation of this and the sizeable order book are all examples of developments that offer good prospects for 2015.

Strategy: improve and renew

Our strategy focuses on 'improve and renew'. Improvement concerns the continuous process of improving our core activities through optimisation of our procurement, tender and project management. We direct this process through centralized management of the business areas and projects. Based on this, integrated quality and innovation are developed and disciplined working is encouraged. Through our 'Fit for cash' programme further steps are being taken with respect to reducing working capital and the capital employed. Solvency continues to be strong at 27%, and there was a decline in net debt at year-end. The improvement programmes for project management, tender management and procurement have started with the implementation of uniform working processes, integrated project reporting, job descriptions and implementation of the programmes to improve our core activities. This has resulted in more effective project management. Continued improvement will also receive our undivided attention in 2015.

Heijmans introduced a number of notable improvements in 2014. One example is the Hydrea Thermpipe, presented at the final of TedXBinnenhof. Another example is the Heijmans ONE, a movable home for single-person households, which makes independent living for this group feasible and brings life to undeveloped urban sites in the form of temporary housing.

This concept was nominated for the international INDEX Award in early 2015. In the spring of 2014 we also launched the Glowing Lines together with Studio Roosegaarde, which can now be seen every evening on the Road of the Future in Oss. In the autumn, we delivered the Van Gogh Roosegaarde bicycle path, which consists of thousands of sparkling stones inspired by Van Gogh's famous masterpiece Starry Night.

Organisation

The organisation was adjusted to the market conditions at the end of 2014, with the loss of more than 350 jobs at Non-Residential, Civil and Oevermann of Germany. A start was also made in 2014 on centralized management of sales and technology with the appointment of a chief commercial officer and a chief technology officer, respectively. This further encourages the development of a knowledge and technology driven organisation and reflects the strategic focus on renewing, for which, in conclusion, concrete targets will be determined. With respect to technology, all licences and joint ventures with partners will be monitored so that knowledge can be marketed nationally and internationally. The Smart Highway has already started in 2014, which has attracted international interest.

Outlook

In 2015 Heijmans will move further towards a technology and knowledge-driven organisation that adds value for its customers. As in past years, this is still a difficult task in a situation where the effects of government cuts and the aftermath of the financial crisis can still be felt. The housing market is clearly recovering and the starting position based on the order book for Non-Residential and Infra is clearly better.

Bert van der Els
Chairman of the Executive Board of Heijmans NV
25 February 2015

Executive Board

Ir. L.J.T. (Bert) van der Els (1954), Chairman

Dutch nationality; appointed Chairman of the Executive Board of Heijmans N.V. with effect from 18 April 2012, formerly appointed as Vice-Chairman and Member of the Executive Board on 28 April 2010 and reappointed on 16 April 2014 for a term of four years. He was previously Member of the Executive Committee for Non-Residential Building and Technical Services at Heijmans. Prior to joining Heijmans, he was employed by Burgers Ergon, Yokogawa and ABB. He was managing director of Burgers Ergon starting in 1999. Additional positions: member of the supervisory board of PSV N.V., member of the supervisory board of AXA, member of the board of supervision of Brabant C Fonds.

Mr M.C. (Mark) van den Biggelaar MiF (1968), CFO

Dutch nationality; appointed as CFO and Member of the Executive Board of Heijmans N.V. on 1 September 2009.
Prior to joining Heijmans, he was employed by Samas N.V., ABN AMRO Bank N.V., Koninklijke Nedlloyd N.V. and Randstad Holding N.V. At Samas N.V. he was CFO and member of the principal board from 2007 to 2009.

Ing. A.G.J. (Ton) Hillen (1961), member

Dutch nationality; appointed as member of the Executive Board of Heijmans N.V. on 18 April 2012. He has held various positions at Heijmans since 1992, and has been a member of the Executive Committee for Property Development and Residential Building at Heijmans since 2008.
Prior to joining Heijmans, he was employed by BAM and Anton Obdeijn Projectontwikkeling.
Additional functions: member of the Supervisory Council of Stichting Waarborgfonds Koopwoningen (SWK) and member of the board of the Dutch Association of Property Developers and Investors (NEPROM).

An overview of the division of portfolios, tasks and responsibilities is presented on page 102.

Executive Board
From left to right:

Mark van den Biggelaar
CFO and executive director
Bert van der Els
Chairman of the Executive Board
Ton Hillen
Executive director

HEIJMANS PROFILE

Making construction smarter and more efficient

Muziekpaleis Tivoli Vredenburg, Utrecht

Vision

Building will still be a profession in 2020: something that requires knowledge and expertise. However, more than ever in 2020, our profession will no longer be just about building and making things, it will be about inventing. And the customers who purchase these products and services will no longer be driven only by ownership, but increasingly by the sharing of ownership, whether we are talking about property development, residential building, non-residential or infrastructure. Heijmans is building the spatial contours of tomorrow. These contours are increasingly being determined by the scarcity of space, raw materials and other resources. This requires change, creativity and integration of systems. Tomorrow's spatial solutions will not be about more and larger, they will be about smarter and more efficient.

Mission

Our mission is to play a leading role in making building smarter and more efficient by adding value in the fields of energy, materials and spatial quality, in the collaborations that we enter into, the processes we operate and the products we generate. In this endeavour, we take responsibility for achieving change and innovation, entering into partnerships, and providing customers with the best information. In order to achieve and continue its strategic focus on margin, Heijmans aspires over time to realise an EBIT margin in the building sectors of between 3% and 4%. In the development sectors, particularly Property Development, the target margin is around 8%.

Strategy and ambition 2012-2016

Our aim is to be the best and thereby the most innovative company in our industry. We will achieve this through striving for continuous improvement of our core activities through the bundling of our procurement, consistency in sales and tender management and strong project management. Furthermore we will increase our share in existing markets by adding quality and gain ground in new markets through innovation, in order to realise this ambition.

Added value

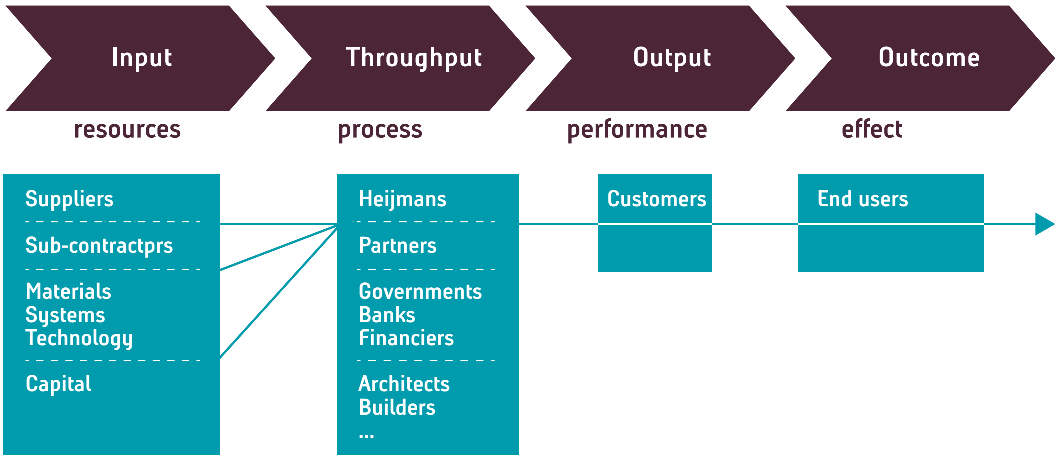
Heijmans distinguishes itself by searching for solutions together with its partners at an early stage in the design process, and by realising and maintaining these solutions through the integration of knowledge and know-how. Our work starts at the drawing board, and is extending increasingly to include management and maintenance. We combine high-tech knowledge and creativity to create innovative products and concepts that we apply on a broad scale. The manifestation is always different to reflect local circumstances, but everything is created from the same expertise. Heijmans positions itself as a distinctively innovative player in the market. These unique qualities are reflected in Heijmans' pioneering role in the field of innovation. For example, the housing concept Heijmans ONE, the Smart Highway or the development of the double-layer ZOAB.

Business model

We operate in various market segments such as national and regional infrastructure, water, health care, and so on. Heijmans operates in the Netherlands, Germany and Belgium, with activities in Property Development and Residential Building, Non-Residential, and Infra: Roads and Civil. The PPP activities, which concern commercial and knowledge-intensive types of contract, are organised centrally, and focus on the operating area of Non-Residential and Infra.

All business areas are centrally managed in order to optimise cooperation, synergy, scale and the use of knowledge and expertise. In addition, the company as a whole offers an integrated proposition to customers, from idea to realisation, maintenance and service. The business model thus reflects the increasing demand from customers for a combination of design, engineering, realisation, maintenance, service and even funding.

Business model



Note

Heijmans delivers added value by active chain management with the aim of achieving efficiency and integration of this chain and increasing the level of knowledge and competence within the company through innovation and integration. To do this, Heijmans works together with partners and uses the various capital flows in the chain. Continuous improvement is achieved through central direction of tender management, project management, procurement and sales, and by setting central improvement targets for these areas. Heijmans is increasingly using LEAN planning techniques, central and uniform processes and systems. The business model reflects the demand from customers for integrated solutions in which design and engineering, realisation, maintenance and management as well as funding are combined. However, the business model is also designed to cope with singular solutions such as risk-bearing development, construction and service, and maintenance/management. This adds value for customers, which is expressed in return and satisfaction.

History

Heijmans' history goes back to 1923, when Jan Heijmans started his paving company in Rosmalen. Heijmans was already an innovator in those days, as it was one of the first companies to use bituminous road surfacing. Heijmans had ample opportunities for growth in the post-war reconstruction period, with the restoration and construction of roads and airports. The first business acquisition occurred in this period and marked the beginning of a period of huge growth and versatility. Heijmans obtained a listing on the Amsterdam Exchanges in 1993. This gave the company a new source of capital, which enabled further growth and acquisitions. The company changed course radically in mid-2008, and now focuses strongly on adding value based on the integration of its business units. By improving its processes, efficiency and funding relationships every day, Heijmans creates the space in which to launch innovative ideas and 'show its colours' in the market. The Smart Highway is a good example of this.

Business areas and activities

Property Development

In the Netherlands, Property Development focuses on area development of both large and smaller-scale projects in urban and out-of-town areas and acts as an initiator, developer and seller of mainly residential properties. This is carried out by the property development business unit, which consists of three locations which are centrally managed. High-level knowledge of area development is bundled in one area development organisation in which accounts of large customers are incorporated, which means that we can benefit from both new-build contracts and (inner-city) transformation assignments.

Residential Building

The core activity of Residential Building is to build homes of different types. Activities primarily consist of new-build projects, but also involve the restoration, redevelopment and renovation of existing housing stock. Maintenance and service are increasingly becoming part of this activity. Residential Building operates from three regional offices which are centrally managed. There are also construction activities in Belgium.

Integrality of the activities Property Development and Residential Building leads to knowledge of both conceptual imaginative ability and realisation. This results in generic housing concepts such as Heijmans ONE, Huismerk and Wenswonen, and the underlying uniform working processes and collaboration with partners. This enables us to realise both complex inner-city transformation projects and more repetitive new-build.

Non-Residential

Non-Residential realises complex, large-scale buildings in the customer and market segments of health care, government and semi-public sector, commercial property and the high-tech cleanroom industry (including laboratories) and data centres. Non-Residential designs, realises and maintains high quality electrotechnical and mechanical engineering installations. Our unique quality is the integrated approach to construction and installation technology, and our contracts increasingly include long-term management, maintenance and installation services. The PPP project NMM Soesterberg, which concerns both the realisation of the project and the maintenance and management of the museum for 25 years, is an example of this. In Germany, our subsidiary Oevermann realises various non-residential projects with its structural engineering. In Belgium, projects realised by Heijmans include the new Elisabethzaal concert hall in Antwerp.

Infra

The activities of Roads and Civil will be combined into Infra in 2015, and will thus come under one management, with integrated and centralized direction of contract and risk management already taking place from the tender phase onwards.

Roads

Roads focuses on the building, maintenance and improvement of infrastructure relating to mobility for road users and the road networks in the Netherlands, Belgium and Germany, but also on the design of public space. This may involve roads and underground infrastructure, but also installations and technical services (such as lighting, camera and reference systems) in and around roads and the related public space. Roads includes a number of disciplines and supporting specialist areas. These include engineering services, focusing on engineering and design & construct, asset management, and specialist areas. Roads was responsible for the development of the Smart Highway, among other things. Infra Belgium focuses mainly on road building, maintenance contracts and integrated projects. Our German operating company Oevermann specialises in road building, mainly for the German autobahn network. Road building features the optimal use of cross-border exchange of technological expertise, application of specialist material, and purchasing power.

Civil

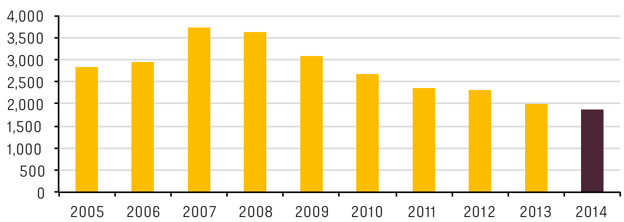
Civil focuses on location-linked infrastructure above and below ground, such as viaducts, tunnels, cables, pipelines, energy supplies, sluices, water purification facilities and so on. The focus is on the design, realisation and management and maintenance of the properties as well as the related installations. Innovations such as Hydrofit were also developed by Civil. The development of smart grids in the Netherlands is seen by Heijmans as an opportunity to further differentiate itself as a 'smart builder'. Franki, a German subsidiary, strengthens the integrated quality of Civil with its specialist foundation techniques. Van den Berg, which chiefly operates in the Belgian market, specialises in service and new-build contracts in the field of energy, water and electricity infrastructure.

HEIJMANS' 10-YEAR RECORD IN KEY FIGURES

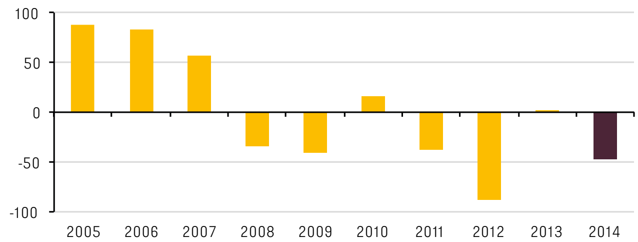
From 2005 to 2014 in pictures

Meander Medical Centre, Amersfoort

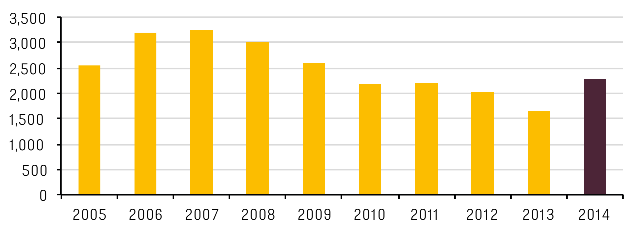
Revenue (in) € x million)



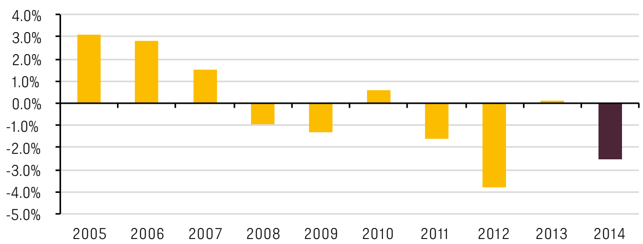
Result after tax (in € x million)



Order book (in € x million)



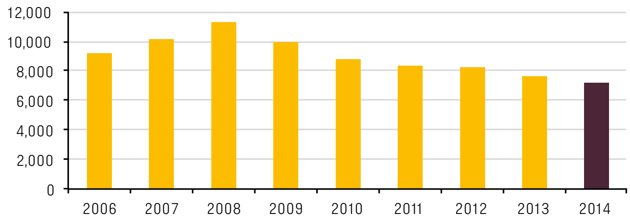
Net margin (in %)



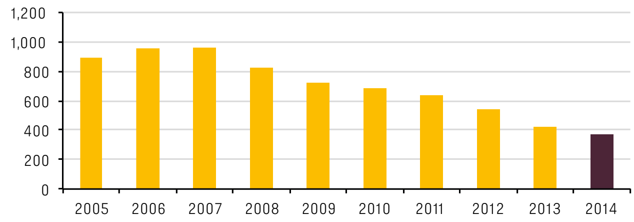
Key figures	2014	2013 [3]	2012 [2]	2011	2010	2009	2008	2007	2006	2005
Result x € million										
Revenue	1,868	2,001	2,318	2,361	2,680	3,079	3,631	3,732	2,942	2,835
Operating result	-63.5	11.9	-87.2	-35.7	48.4	-6.5	-13.6	88.2	117.2	128.8
Result after tax	-47.3	1.9	-87.7	-37.6	15.7	-40.4	-34.1	56.4	82.5	87.1
Capital (€ x million)										
Assets	1,205	1,203	1,366	1,554	1,600	1,853	2,220	2,205	2,130	1,906
Average capital invested	372	423	541	636	683	722	824	960	952	892
Equity	259	313	315	416	455	426	371	462	442	389
Net debt	31	66	149	103	178	223	331	366	497	403
Cash flow (€ x million)										
Operating	46	-10	-45	-6	74	-5	80	259	-30	109
Investment	-10	-3	-26	42	-34	30	0	-88	-39	-13
Financing	-23	8	8	-19	-131	-183	63	-126	77	-85
Cash flow	**13**	**-5**	**-63**	**17**	**-91**	**-158**	**143**	**45**	**8**	**11**
Ratios in %										
Return on average capital invested	-17.1	2.8	-16.1	-5.6	7.1	-0.9	-1.7	9.2	12.3	14.5
Result after tax:										
- as % of equity	-18.3	0.6	-27.8	-9.0	3.5	-9.5	-9.2	12.2	18.7	22.4
- as % of revenue	-2.5	0.1	-3.8	-1.6	0.6	-1.3	-0.9	1.5	2.8	3.1
Solvency on the basis of capital base	27.0%	31.5%	27.9%	31.0%	32.6%	26.6%	19.7%	23.9%	23.8%	23.9%
No. of shares x 1,000										
At year-end	19,461	19,349	17,328	16,956	16,851	16,851	24,073	24,073	24,073	24,073
Average	19,420	18,111	17,191	16,917	16,851	12,504	8,156	24,073	24,073	23,696
Data per share[1] x €1										
Equity	13.34	17.28	18.32	24.53	27.00	25.28	15.41	19.21	18.35	16.42
Operating result	-3.27	0.66	-5.07	-2.11	2.87	-0.39	-0.56	3.66	4.87	5.43
Result after tax	-2.44	0.10	-5.10	-2.22	0.93	-3.23	-4.18	2.34	3.43	3.67
Dividend	-	0.15	0.25	0.35	0.35	-	-	1.45	1.45	1.45
Share price information[1] x € 1										
At year-end	8.95	10.51	7.05	8.19	15.05	12.21	3.40	25.83	41.66	36.49
High price	14.20	10.78	9.68	23.90	15.25	21.18	27.52	47.19	43.75	40.80
Low price	7.83	6.85	5.25	6.58	10.70	9.49	3.36	22.97	35.49	24.44
Other data										
Order book (* € x million)	2,287	1,643	2,026	2,192	2,188	2,597	3,004	3,248	3,196	2,559
Employees (average number of FTE)	7,198	7,617	8,242	8,384	8,839	9,980	11,311	10,119	9,162	9,336

1. The data per share are expressed in terms of the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end. The weighted average number of shares for 2009 has been adjusted due to the issue and the reverse stock split; the number for 2008 has been recalculated accordingly, as has the earnings per share.
2. After revision due to a system change for defined benefit pension schemes (see the financial statements).
3. After revision due to a system change for collective agreements (see the financial statements).

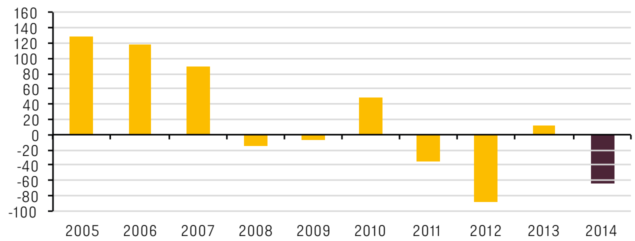
Average number of employees



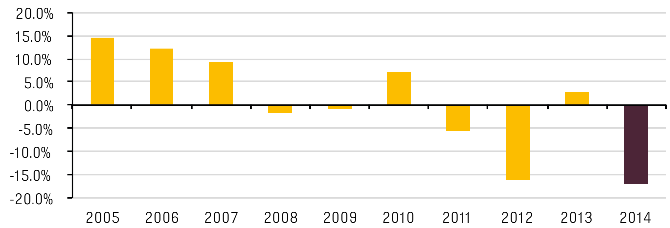
Average capital invested



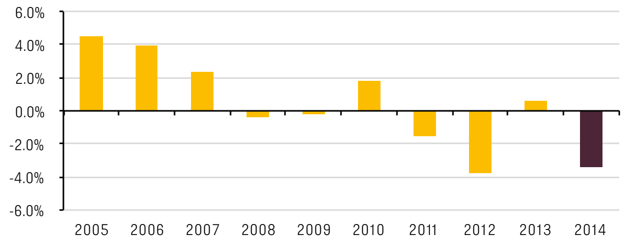
Operating result (in € x million)



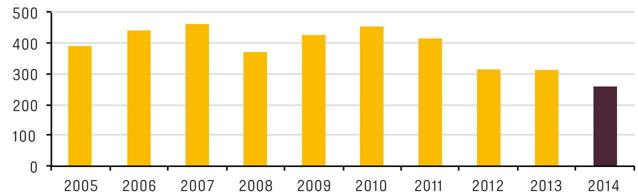
Return on average capital invested (in %)



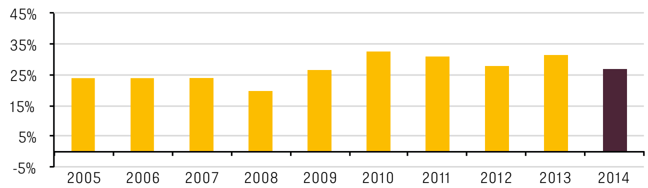
Operating margin (in %)



Equity (in € x million)



Solvency on basis of capital base (in %)



THE HEIJMANS SHARE

Numbers, composition and price development

Glowing Lines, N329 Oss

Share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2014 is as follows:

	Authorised share capital		Issued capital	
Shares (x 1,000)	**2014**	**2013**	**2014**	**2013**
Ordinary shares	35,100	35,100	19,461	19,349
Cumulative financing preference shares	7,000	7,000	6,610	6,610
Protective preference shares	8,000	8,000	-	-
	50,100	**50,100**	**26,071**	**25,959**

Ordinary shares

The shares are held by the Heijmans Share Administration Trust ('SA Trust'). The nominal value per ordinary share is €0.30. The SA Trust has issued 19,460,880 depositary receipts for shares as at 31 December 2014, which are quoted on the Stock Exchange of NYSE Euronext in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of ordinary shares and depositary receipts for shares and a summary of the key figures per ordinary share/depositary receipt are presented in the table below: The number of ordinary shares and depositary receipts for shares placed during 2014 increased as a result of the stock dividend and due to the issuance of Matching Shares as part of the long-term variable remuneration of the Executive Board.

Shares (x 1,000)	**2014**	**2013**	**2012**	**2011**	**2010**
In issue on 1 January	19,349	17,238	16,956	16,851	16,851
Issue of share capital	0	1,759	0	0	0
Stock dividend	103	262	372	105	
Matching shares Share Matching Plan	9				
In issue on 31 December	**19,461**	**19,349**	**17,328**	**16,956**	**16,851**
Average in issue for the year	19,420	18,111	17,191	16,917	16,851
Earnings per share* (x €1)	-2.44	0.10	-5.10	-2.22	0.93
Dividend per share (x €1)	0	0.15	0.25	0.35	0.35
Pay-out ratio %	-	150%	-	-	38%

* Per average share in issue

Heijmans is listed on Euronext Amsterdam. The relevant data regarding the market listing are presented in the table below:

Heijmans market listing	**2014**	**2013**	**2012**	**2011**	**2010**
Closing price (in €)	8.95	10.51	7.05	8.19	15.05
High price (in €)	14.20	10.78	9.68	23.90	15.25
Low price (in €)	7.83	6.85	5.25	6.58	10.70
Dividend yield at closing price (in %)	-	1.4%	3.5%	4.3%	2.3%
Market capitalisation at year-end (in € x million)	174	203	122	139	254
Average daily turnover (in no. of shares)	**82,132**	**90,358**	**76,045**	**106,867**	**82,107**

Cumulative financing preference shares B

On 28 June 2002, a total of 6,610,000 cumulative financing B preference shares were issued at a price of €10 per share. The nominal value per share is €0.21. These shares are not quoted on a stock exchange, and no depositary receipts are issued for them. With effect from 1 January 2014, the yield is 7.9%. The dividend will be revised as at 1 January 2019 and every five years thereafter. The Company is entitled to repurchase or cancel these preference shares at any time. On 16 April 2014, the General Meeting of Shareholders authorised the Executive Board for a term 18 months to repurchase up to 40% of the financing B preference shares in its own capital.

Based on these resolutions, the Heijmans Executive Board has the possibility during 2015, without additional costs, to purchase 40% of the preference shares, whereby the purchase must fit within the company's capital structure.

Issued share capital and equity holdings

The issued capital and the associated voting rights increased in 2014 as a result of the distribution of a stock dividend (in May 2014) and an issue of matching shares (in April 2014). One cumulative financing B preference share entitles the holder to 1.278 votes. The voting right associated with ordinary shares is 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2014 was as follows:

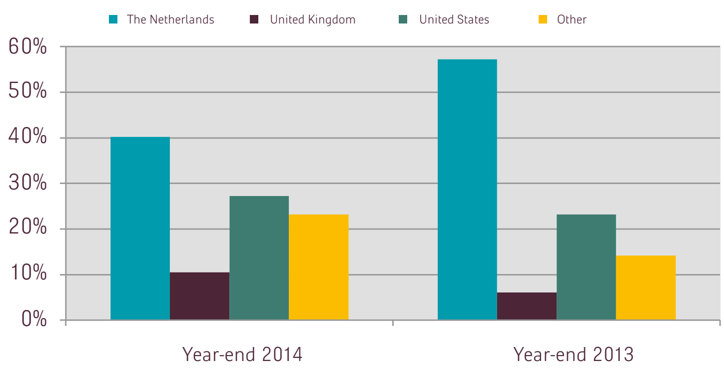
	Issued capital		(Potential) Voting right	
	Number	%	Number	%
Ordinary shares	19,460,880	80.8%	583,826,400	98.6%
For which depositary receipts issued	19,460,873	80.8%	583,826,190	98.6%
Depositary receipts cancelled	**7**	**0.0%**	**210**	**0.0%**
Depositary receipts	19,460,873	80.8%	583,826,190	98.6%
Cumulative preference shares	6,610,000	19.2%	8,447,580	1.4%
Total year-end	**26,070,880**	**100.0%**	**592,273,980**	**100.0%**

To the extent the Company is aware, and also on the basis of the WMZ (Major Holdings in Listed Companies Disclosure Act) register maintained by the Netherlands Authority for the Financial Markets (AFM), the following investors had a 3% or greater interest in Heijmans as at 31 December 2014:

	31 December 2014		31 December 2013	
Holdings in Heijmans	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
Delta Lloyd Levensverzekering N.V.	12.5%	5.0%	14.4%	7.1%
FMR LLC	8.1%	9.9%	8.3%	10.1%
Delta Lloyd Deelnemingen Fonds N.V.	5.6%	6.8%	6.9%	8.4%
Kempen Capital Management N.V.	6.1%	0.8%	6.6%	1.3%
ASR Nederland N.V.	5.2%	6.3%	5.3%	6.4%
Van Lanschot Participaties B.V.	4.9%	1.0%	5.0%	1.0%
	42.4%	**29.8%**	**46.5%**	**34.3%**
Other holdings	57.6%	70.2%	53.5%	65.7%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Based on the information provided by banks and custodians, the distribution of share ownership can be illustrated as follows:

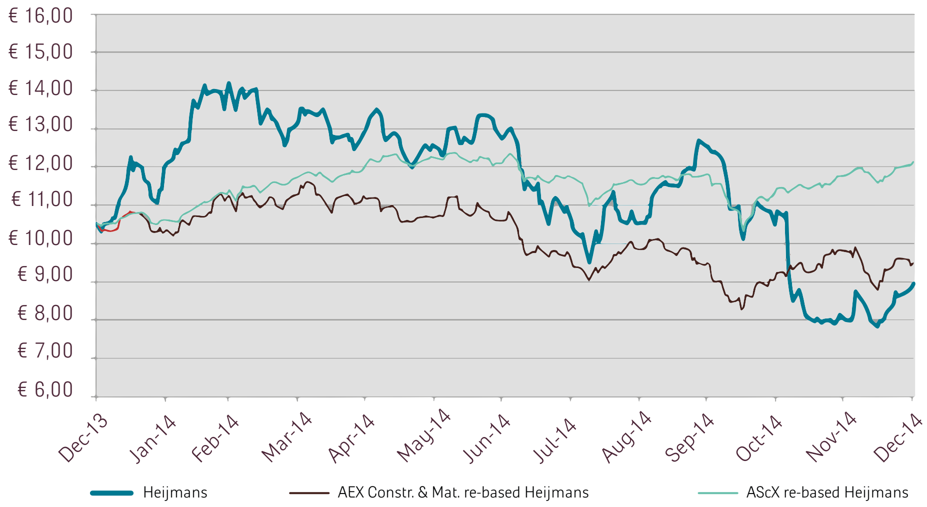
The (estimated) shareholdings of institutional investors may have declined slightly during the 2014 financial year. The geographical distribution of shares and depositary receipts held by institutional investors is as follows:



Approximately 40% of the depositary receipts for ordinary shares held by institutional investors are held in the Netherlands. This is lower than at year-end 2013 (57% in the Netherlands). The geographical spread of the institutional investors has increased. It is estimated that 95% of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.

Share price movement

The closing price for the ordinary share at the end of 2014 was €8.95. This is a decline of more than 14.8% compared to the price at the beginning of 2014. The decline in the share price over the year is greater than that of the AScX Index, in which the Heijmans share is included. The figure shows the price movement of Heijmans shares in 2014 compared to both the AScX Index and a peer group as prepared by Euronext in the 'AEX Constr. & Mat. Composition'.



Financial calendar

The following publication dates have been set for 2015:

Date	Event	Time
15 April 2015	General Meeting of Shareholders	14:00 hours
13 May 2015	Trading update	before market opening
19 August 2015	Publication of half-year figures for 2015	before market opening
4 November 2015	Trading update	before market opening

STRATEGIC AGENDA 2014

Improve and renew

Timmerhuis, Rotterdam

Strategy: a leading construction company

The company underwent a radical change of direction in 2008, whereby the central focus is now directed at the following priorities: achieving the integrated position of disciplines from the home market in the Netherlands, and maximising value for customers. Heijmans has the ambition of becoming the best construction company in the Netherlands through the continuous improvement of its core activities and the ongoing innovations of its products and services. This strategic direction has not changed since 2013. This section explains our progress in realising our strategic agenda and the related priorities.

Improve and renew

In these times of lower production volumes and heavy margin pressure, continuous improvement of the core processes is essential. This enables reduction of risk and costs, and the uniformity of processes will be ensured in the organisation. The intense competition in the construction industry means that continuing close attention to this priority is needed. In addition, Heijmans is very much future-oriented. New technologies, forms of collaboration and other ways of adding value are part of this additional priority.

Improvement: 'Improve the core'

Sales

A sales programme was started in 2013. The programme is designed to professionalise our commercial activities including account management, sales and marketing. A chief commercial officer was appointed in 2014 to implement this programme, thus providing for centralized coordination of commercial issues. The programme is based on improving and developing business intelligence, business development, account management and the corporate marketing of the Heijmans products and services.

Tender management

Under the 'margin before volume' policy, the decisions regarding tenders and selections have been a major consideration. In addition to the substantive choice for margin, the tender management programme also provides for consistent development of processes to

achieve the desired focus on sales and acquisition endeavours with the same objective, as well as the designation of 'Go/No Go' moments.
The risk categories of the projects were reviewed last year in order to focus more closely on the risk profile. After the categories for the most complex and larger works were implemented in 2013, last year the last category of projects was addressed. This category involves tools that are widely deployable. As in the previous year, an integral tender list was used, and hit rates are being updated centrally. The priorities for 2015 are the refinement of the use of 'Go/No Go' moments and the implementation of tender management for smaller and regional projects.

Project management
Project management is a continuous item of attention in the realisation of the strategy. The project management programme is designed to achieve uniform processes and further accentuation of our core activities. An integral preparation, implementation and planning process has been formulated, with fixed 'Go' and 'No Go' moments in the various phases as decision points. The risk categories used are the same as those used for the other programmes. For the highest risk categories, clear project sheets and risk analysis have been implemented and standard documentation is used. In addition, follow-up measures will be taken to further tighten up contract management, and the function structure has been standardised. In order to become the best construction company in the sector, learning through evaluation is also essential. Evaluation is often a hidden aspect of processes, but it is important for reducing failure costs and increasing margins. An element of the evaluations introduced concerns the implementation of proposals for improvement arising from the evaluation at the beginning of the process.

Procurement
The volume of procurement at Heijmans represents approximately 70% of its annual revenue. There is significant potential for improvement by centralising procurement and thereby achieving scale benefits, and using uniform contracts and criteria for suppliers. After the introduction of the procurement programme in 2012 the procurement organisation has been centralised, and uniform product groups and coordinating product buyers have been introduced. From then on, we have been working on centralized procurement and on reducing the number of partners, which is leading to better directing and quality. The programme was reviewed in 2014, which resulted in the formulation of a number of targets. For instance, further efforts will be made in 2015 to introduce company-wide and uniform working practices, contracts and procurement processes, to ensure the further bundling of the procurement volume in order to achieve scale benefits, and to professionalise the procurement organisation. Lastly, procurement will initiate cooperation with other programmes in order to achieve chain collaboration with partners and preferred suppliers. Other priorities concern increasing the awareness of safety in the chain, and expanding our collaboration with partners and preferred suppliers in the field of sustainability and innovation.

PURCHASE SHARES

70%

Improvement methodology
The improvement methodology is embedded in the organisation in the Quality & Safety department that applies the LEAN6Sigma and KAIZEN methodology, among other means, in order to encourage, organise, identify and then implement improvements across the entire company.

Safety
A crucial element in continuous improvement is improving working conditions and safety on the project sites. In 2013 the GO! (Geen Ongevallen = No Accidents) programme was initiated specifically for this purpose. This programme promotes the improvement of safety based on 6 conduct rules. The programme is supported and carried out from within the projects by around 30 coaches.

A detailed account of Heijmans' improvement strategy is given in the section 'Improvement'.

Renew
Technological developments are offering new opportunities for the future of the construction industry. The scarcity of (green) space, green energy, materials and fossil fuels will increase further unless the construction industry renews itself. Alternative materials, energy and mobility can bring significant changes to the construction business. Thanks to new insights and technological developments, it is possible to refrain from extracting fossil fuels or energy from the environment, and it is actually possible to generate them, and thus to create

value. Through the use of sustainable energy or residual heat, buildings can provide their own energy and even contribute energy to the environment. The same principle applies to the use of materials. The circular economy makes re-use possible, so that extraction no longer occurs. This principle is the basis for our renewal agenda: 'The Contours of Tomorrow'.

In practical terms, with the 'Contours of Tomorrow' Heijmans is targeting the following ambitions with respect to renewal and thus sustainability:

- In 2020 our products will generate energy, instead of using energy;
- In 2020 our buildings, engineering structures and roads will be 100% recyclable;
- In 2020 our properties and solutions will contribute to improved spatial quality.

We will achieve this through further opening of our expertise internally, selling our practical knowledge through licensing and concepts, concluding cooperative agreements with knowledge partners, and measuring our customer satisfaction on an annual basis.

A detailed account of Heijmans' renewal strategy is given in the section 'Renewal'.

Financial strategy

Based on the strategic focus of adding value, Heijmans strives to achieve EBIT margins of at least 3%-4% for its building and infrastructure operations. Given the capital investment required and the different risk profile, the EBIT margin target over time for the development businesses (Property Development and PPP) is around 8%. In the current market conditions, it is not likely that these target margins for the development operations can be realised in the short term. In order to bear the project risks that Heijmans undertakes in the normal course of its business, the company strives to maintain sound capital ratios, as expressed by measures such as solvency or net debt compared to operating cash flow. With this background, the aim is to maintain non-project-related recourse net debt as part of normal business operation at around nil at each year end. There may be significant fluctuations during the year, however. In order to optimise its use of capital, the company actively manages its operating capital and pursues a targeted investment policy. Last year, the difficult property market did not lead to a significant reduction in the capital requirement for the strategic land portfolios. This continues to be an item of attention in the financial policy.

Outlook

The recovery in the housing market should mean an end to the decline in revenue. Margins continue to be thin in all markets however, which means that it will remain difficult to achieve margins that reflect the degree of complexity of the projects. Improving our result remains the top priority. The key priorities for the achievement of this goal are: profiting from the recovery in the housing market, carrying out the reorganisation at Non-Residential, Civil and Oevermann, and refining the business model of Infra in the Netherlands. The reorganisations relate to the reduction of production capacity, the reduction of costs, and the termination of loss-making activities. The refinement of the business model of Infra in the Netherlands includes bringing Roads and Civil under a single management and implementing changes in the direction of large projects. Our intention is to significantly strengthen the risk and contract management, to tighten up the direction of the design phase of projects, and to optimise the supporting processes. These measures collectively should lead to further reduction of costs and to improvement in the results from projects in 2015. Although the financial starting position is good, lagging profitability is putting pressure on our financial ratios. This pressure needs to be relieved through management of working capital and the measures taken. Lastly, the recovery in the housing market, the good order book and our strong commercial starting position offer clear opportunities in 2015. Based on the foregoing factors, and apart from the possible occurrence of exceptional circumstances, Heijmans therefore expects to be able to achieve a strong improvement in its underlying operating result in 2015.

OPERATING PERFORMANCE

Negative result, but prospects from the order book and the housing market

Fenixloodsen, Rotterdam

Property Development and Residential Building

The market bottomed out in 2013, after which a cautious recovery ensued. This recovery became increasingly visible during 2014. But the market will still not yet be able to reach its pre-crisis size and condition. Consumers are critical, and demand-driven supply is crucially important. There has also been a slight increase in consumer confidence on the back of rising purchasing power, which has helped the market. The government policy pursued since the autumn of 2012 appears to be working; the approach that involves dealing with the occupation of social housing by people with higher incomes in combination with the further reduction of mortgage debt has led to more market operation in all segments of the housing market. Mortgage interest rates are historically low, which also supports the market. Despite the stricter regulation regarding aspects such as the loan-to-value ratio, the market can improve further.

Heijmans is reflecting this by introducing a number of concepts that connect social developments and customer demand, and that also deliver lower development and construction costs, faster time-to-market and a better price-quality ratio. An example is the House Brand concept, Heijmans' interpretation of industrialised residential building based on standardisation of processes and freedom of choice at a fixed price-quality ratio. This concept, which was developed over 500 times last year or is being realised, successfully made use of alliances with approximately 10 partners and co-makers. At the end of 2014, the Housing business unit introduced Heijmans ONE, a temporary movable home for young single persons in transition districts. Property Development and Residential Building also made further progress

HOUSING MARKET: NUMBER OF UNITS SOLD

1,347

2013: **1,082** ▲

towards a shared concept portfolio with individual accents and bundling of innovations such as 3D Printing. The innovations focus on current development in the market. By studying and testing home automation, for instance, residents can use remote control devices to switch certain functions on and off, such as lighting, heating and also home security if so wished, meaning greater facility for individual use. Heijmans will include this innovation as standard in all its ground-level housing from mid-2015. In addition, account management has been introduced. In 2014 it was the case, more than in 2013, that housing associations are increasingly focusing on the management and renovation of the core stock of social housing. In response to this development, Heijmans has launched a number of concepts and services for improving the sustainability and renovating the existing stock in the market. One example of this is the Zero Ready concept. The portfolio of projects in transition districts varies from individual homes, flats and apartment complexes to complete transformation contracts such as the Wijnhavenkwartier in The Hague, the Paroolteren and Trouwgebouw in Amsterdam and the Fenixloodsen in Rotterdam.

The order book increased substantially last year, for both Property Development and Residential Building. The increase for Residential Building was 54%, and for Property Development 23%. In addition, the number of sold and completed homes increased, with home sales amounting to 1,347 last year compared to 1,082 in 2013. The proportion of sales to private customers also increased (711 homes and 53% versus 437 homes and a share of 40% in 2013).

Property Development (in € x million)	**2014**	**2013**	**Difference**
Revenue	179	156	15%
Underlying operating result	4	1	
Underlying operating margin	2.2%	0.6%	
Order book	234	190	23%

Revenue increased by 15% in 2014 to €179 million (2013: €156 million), and the operating result also improved in 2014 (€4 million in 2014 vs. €1 million in 2013). The order book grew substantially to €234 million. The strategy and portfolio of Property Development will focus on area developments in which creativity and practical effectiveness come together. Heijmans is developing and realising the transformation of Wijnhaven in The Hague, the transition of Crooswijk and Katendrecht in Rotterdam, and Kanaleneiland and Meyster's Buiten in Utrecht. These are large projects with a high degree of complexity, in which experience, a creative approach and a long-term commitment are needed to achieve realisation with a large number of stakeholders and in an inner-city dimension. Last year Property Development developed and sold a large number of Huismerk and Wenswoningen, in Pijnacker, Almere and Culemborg, among other locations. The introduction of Heijmans ONE led to a pilot at Zeeburgereiland in Amsterdam and was followed by the realisation of a further 30 homes for the young single persons group.

Residential Building - total (in € x million)	**2014**	**2013**	**Difference**
Revenue	299	321	-7%
Underlying operating result	2	-3	
Underlying operating margin	0.7%	-0.9%	
Order book	395	257	54%

Residential Building builds housing in the Netherlands and Belgium. Further details are given below.

Residential Building - Netherlands (in € x million)	**2014**	**2013**	**Difference**
Revenue	210	223	-6%
Underlying operating result	0	-3	
Underlying operating margin	0.0%	-1.3%	
Order book	275	173	59%

2014 was a transitional year for Residential Building Netherlands, with historically low production levels in which the market has shown a recovery and new concepts and innovations were introduced. Revenue declined to €210 million, with an underlying operating result of nil. The order book, on the other hand, has increased hugely, by 59% to €275 million (2013: €173 million). Larger projects such as the transformation of the Paroolteren in Amsterdam and the new-build of the Aireyflats in Eindhoven were also won. Residential Building was moreover able to strengthen its position in the leisure market through the acquisition of projects for De Efteling and Roompot. With Zero Ready, homes are made sustainable in a very short time period, and with the high tech Brighthouse, sustainable energy use is already built in starting from the design phase, so that a home produces energy rather than consuming it. The benefit of these concepts is that knowledge is developed at a faster rate and failure costs can be reduced. They are also consumer-oriented.

Residential Building Belgium

Residential Building - Belgium (in € x million)	2014	2013	Difference
Revenue	89	98	-9%
Underlying operating result	2	0	
Underlying operating margin	2.2%	0.0%	
Order book	120	84	43%

Revenue from the residential building activities in Belgium declined to €89 million in 2014, 9% less than the €98 million in 2013, but even so, the year ended with a positive result of €2 million. As in the Netherlands, the order book grew strongly by €120 million at year-end 2014, which is 43% higher than in the previous year. Since 2014 the residential building activities in Belgium have been centrally managed and the operations of the various companies in Kortrijk and Bilzen have been integrated+. Heijmans Bouw Belgium started in 2014 with the realisation of l'Ensemble Immobilier Villa Urbana apartment complex in Evere, a residential and care centre in Lommel, and the construction of service apartments in Aarschot. Lastly, the Elisabeth hall contract was acquired, which concerns a multifunctional concert and events building in the centre of Antwerp.

Non-Residential

Non-Residential focuses on large integrated works involving both technology and construction. The types of contract vary, with contracts being awarded increasingly on the basis of MEAT criteria. Non-Residential has four market segments, which are hospitals and health care, semi-public authority buildings, data centres and high tech clean, and commercial property. In combination with Property Development, Non-Residential succeeded in winning the contract for the transformation of the Wijnhavenkwartier in The Hague, as well as the renovation of the Haagse Resident and the adjustment to the new security zone at Schiphol airport. Non-Residential is also providing management and maintenance for the Meander Medical Centre in Amersfoort, delivered in 2013, from this year onwards. In the field of systems services, Non-Residential provides the maintenance for buildings including the Persgroep in Amsterdam and the Ministries of Security and Justice and of the Interior and Kingdom Relations. This last project concerns approximately 130,000 m2 for which the management and maintenance of the systems will be provided for 18 years. In the relatively new DBFMO segment, Non-Residential delivered the brand new National Military Museum in Soesterberg in December and won the RIVM (DBFMO) and Eurojust (BM) projects. The maintenance and management contract for the NMM has a term of 25 years.

Non-Residential (in € x million)	2014	2013	Difference
Revenue	388	466	-17%
Underlying operating result	0	2	
Underlying operating margin	0.0%	0.4%	
Order book	661	511	29%

The revenue of Non-Residential declined by 17% last year, from €466 million in 2013 to €388 million in 2014, with an underlying operating result of nil. On this basis, approximately 230 jobs will be lost in order to allow the business unit to be better positioned for the changed market conditions and demand from customers. This organisational change as a result of the decline in revenue is due to the continuing difficult market conditions and the related low level of prices. This pressures the size of the organisation and the costs. In addition, the average size of works has increased, meaning that the order book is not evenly spread over the years and a more flexible capacity is desirable. Non-Residential also sees a shift in demand. Larger integrated projects require more deployment of design and engineering, meaning a different organisational profile. The organisational change is the result of this development.

Last year, and as in 2013, Non-Residential continued to focus unabatedly on streamlining its processes, risk management and cost control. In the field of innovation, Non-Residential is relatively advanced in the construction industry, so renewing mainly concerns improving processes and on chain integration and cooperation. Besides these internal process improvements, the organisation has been further centralised by changing the locations into branches. The aim for these 'branches' is mainly to service the local market and customers. The integrated projects are initiated from the central organisation, subscription takes place centrally, and in the engineering and preparation for projects use is made of the knowledge and skills that are safeguarded and managed centrally.

Infra: Roads and Civil

Infra - total (in € x million)	2014	2013	Difference
Revenue	1,141	1,192	-4%
Underlying operating result	-9	35	
Underlying operating margin	-0.8%	2.9%	
Order book	1,235	855	44%

The trends from previous years continued in 2014. Withdrawal by the government, an increasing number of MEAT (Most Economically Advantageous Tender) contracts and the demand for integrated infrastructure works all continued to be current issues in 2014. Government cuts are still being made, although they have peaked and are now stabilising. In the large (integrated) projects, we are seeing a trend that projects are becoming increasingly complex. Despite the increasing proportion of MEAT contracts in smaller or regional assignments, price is still one of the most important criteria.

The activities of Infra, which are spread across Roads and Civil in the Netherlands, Belgium and Germany, are varied in nature. The activities of Roads and Civil in the Netherlands have underperformed, while the activities outside the Netherlands made a stable and positive contribution to the result. Infra in Belgium made an especially good contribution, with a result of €11 million. The German subsidiaries Oevermann and Franki also achieved positive results in 2014. In this area, the road-building operations of Oevermann in particular had to deal with a difficult market, meaning that reorganisation was necessary last year. Approximately 100 jobs were lost as a result. The result declined due to result of the market conditions from €6 million in 2013 to €2 million in 2014. As a specialist in foundation works, Franki is a niche player and operates both independently on German projects and in close cooperation with Heijmans Civil in Dutch projects.

Infra Netherlands

Infra - Netherlands (in € x million)	2014	2013	Difference
Revenue	759	751	1%
Underlying operating result	-22	16	
Underlying operating margin	-2.9%	2.1%	
Order book	959	576	66%

Revenue from the Infra activities remained at a similar level (2014: €759 million compared to €751 million in 2013). The result from Infra Netherlands (Roads and Civil) came under heavy pressure in 2014. There were various reasons for this. Firstly, we had difficulty in pursuing our strategy of margin before volume in a market with overcapacity. Based on current insights, various opportunities and threats in a number of tenders were not properly considered, which led to margin pressure. In addition, there were additional design and engineering costs for working out intended optimisations in the tenders. Combined with the developments at the Energiefabriek project in Tilburg, these factors led to a very negative operating result in 2014.

At the end of December, 30 December, to be exact, Heijmans was faced with a negative (from its point of view) arbitration ruling in higher appeal in relation to the Energiefabriek project in Tilburg. This arbitration case had a significant effect on the result of Roads and Civil. The financial impact that was directly related to this arbitration case and recognised in the second half of 2014 was a loss of €9 million. The total financial effect of the project over 2014 was €11 million negative. The case concerned a dispute with regard to the interpretation of and responsibilities under the Design & Construct contract, whereby Heijmans believed that it had more discretion with respect to design choices, also in view of its responsibility for the performance requirements of this silt processing installation. The development of the dispute means, as things currently stand, that certain costs relating to the design process and the delay that occurred in the construction are for the account of Heijmans. In view of the complex and disproportionate result from the settlement of this dispute, Heijmans continues to explore its legal options for limiting its financial loss. This does not affect Heijmans' commitment to do everything it can to deliver the project in good cooperation for the principal Waterschap De Dommel, in accordance with the current schedule, in the fourth quarter of 2015.

A number of improvements have already been introduced in 2014, after which additional measures were initiated in the closing months of the year. In practical terms this involves the following: a different approach to pricing in design and design management costs, changes to the management of the design and preparation processes, improvements to contract management in combination with professionalising the cooperation with principals, strict management and documentation of go/no-go moments, and increased attention from the Executive Board to projects in the start-up phase. In addition, it was decided to bring Roads and Civil under one management whereby the direction of projects can become more uniform. In this way, further progress can also be made on optimising a number of supporting processes on the basis of the new ERP platform that has been in operation for the whole of Infra Netherlands since the beginning of February.

Not only the larger national infra projects have been affected by change. Changes have also been made in the regional activities so that there is an even stronger focus on 'margin before volume' and a clear positioning with respect to the competition. This process has to continue in 2015. A significant part of the portfolio also concerned smaller but still complex inner-city reconstruction works in 2014. Examples are the second phase of the Parallelweg in 's-Hertogenbosch and the reconstruction of the N381 motorway in Friesland between the border of Drente and Venekoten. A number of notable projects were realised by the specialty disciplines at Roads in 2014. For instance, Heijmans provided the road barriers during the nuclear summit in The Hague. This assignment concerned the road, but also the creation of a temporary aircraft stand at Schiphol airport. We provided the temporary field and the event logistics for the World Championship Hockey Tournament in The Hague.

The order book grew strongly during 2014. Integrated projects such as the A12 Parallel structure at Gouda, the N23 motorway in North Holland, the access of the Bio Science Park in Leiden and the renovation of the Kreekrak bridge on the A58 were awarded to Heijmans. Two DBFM projects were moreover acquired last year, concerning the reconstruction and covering of the A9 at Diemen and the A12 at Veenendaal- Ede Grijsoord. Many of the improvement measures are and will be applied in the tender and preparation phase for these projects, which will contribute to production volume in 2015. The biggest project in terms of volume in 2014 was the A4 Delft-Schiedam project. On the basis of the current schedule, this project will be delivered at the end of 2015. Achieving timely completion is of importance to the project value.

Infra Germany

Infra - Germany (in € x million)	2014	2013	Difference
Revenue	260	319	-18%
Underlying operating result	2	6	
Underlying operating margin	0.8%	1.9%	
Order book	181	162	12%

Oevermann and Franki in Germany saw their collective revenue decline to €260 million in 2014 (2013: €319 million). The companies realised an underlying operating result of €2 million in 2014 (2013: €6 million), partly under pressure from market conditions, especially in road building in Germany. This market is very different from the Dutch market, in which integrality is of lesser importance. Last year Oevermann closed a number of subsidiary facilities, and a study will be made in cooperation with Roads Netherlands to establish the potential for exchange in the field of innovation. Franki is increasingly developing from a sub-contractor into a design and construct contractor in the civil and the Dutch market. Franki and Civil cooperate closely on projects such as the A4 Delft-Schiedam, the N23, the parking basement under the Eurojust complex in cooperation with Non-Residential, and the St. Jan parking garage.

Infra Belgium

Infra - Belgium (in € x million)	2014	2013	Difference
Revenue	128	136	-6%
Underlying operating result	11	13	
Underlying operating margin	8.6%	9.6%	
Order book	95	117	-19%

The infra activities in Belgium concern road building and pipe construction. Collectively, these two elements achieved an excellent result in 2014 of €11 million (2013: €13 million) on slightly lower revenue (€128 million in 2014 compared to €136 million in 2013). The order book declined by 19% to €95 million, compared to €117 million at year-end 2013. In Belgium, Heijmans is working on the Liefkenshoek railway hub, for which an opening licence was obtained in December.

The Fenix buildings will soon form the crown of Katendrecht in Rotterdam

Christiaan Cooiman (Heijmans), **Sander Geenen** (Municipality of Rotterdam) and **Jenny Vermeeren** (Woonstad Rotterdam)

Read the interview at **heijmans.nl/verhalen**

Challenging market demands: improve and renew

Haagse Resident, The Hague

Key points in 2014

Revenue was €1.9 billion in 2014, slightly lower in comparison to 2013 (2013: €2.0 billion). This was mainly due to the revenue at Non-Residential, which was down by nearly 20%, partly due to the late-cyclical nature of the installations technology activities. The margins on large projects at this business unit lagged, whereas the margin on installation technology service activities increased. The division is, in addition, striving to achieve sufficient flexibility in order to better cope with fluctuations in volume. The level of costs will therefore be reduced by cutting the number of jobs. Revenue and the result rose in 2014 at Property Development, and to a lesser extent at Residential Building, reflecting the recovery in the housing market.

The underlying operating result was a negative €12 million, much lower than in 2013 (€23 million). The results at Property Development and Residential Building showed an improvement for the first time, after a difficult period. The results at Infra decreased across the board. Despite the stable and positive contribution from the infra operations in Belgium and a reasonably stable development of revenue at the Infra business unit, the result for Infra in 2014 was €9 million negative, a sharp decline compared to the level in 2013 (2013: €35 million positive). The arbitration case relating to the 'Energiefabriek' project in Tilburg led to an unexpected and negative outcome for Heijmans at the end of December 2014. This project has had a net negative effect of €11 million on the operating result in 2014. Radical improvement measures in relation to internal and external factors have been introduced. The infra operations in the Netherlands will be brought under one management with effect from 2015, which will enable a tightening of the risk and project management in the tender and execution phase. The infra organisation was further changed in 2014 by phasing out the cabling and pipe-laying activities within Civil and closing some locations at Oevermann of Germany.

Due to reorganisation costs for the organisational adjustments at Non-Residential, Civil and Oevermann, together with write-downs on property holdings outside

Summary statement of profit and loss (in € x million)	2014	2013	Difference
Revenue	**1,868**	**2,001**	**-7%**
Underlying operating result	**-12**	**23**	**-152%**
Adjustment for operating result of joint ventures	-9	-1	
Write-down of real estate and land holdings	-14	-7	
Restructuring costs	-29	-7	
Release of pensions	-	4	
Operating result	**-64**	**12**	
Financial income and expense	-5	-4	
Result of joint ventures and associate investments	7	0	
Result before tax	**-62**	**8**	
Tax expense	15	-6	
Result after tax	**-47**	**2**	

the Randstad and surrounding areas, the net result for 2014 came to €47 million negative (2013: €2 million positive). The organisational changes already mentioned and the continuing commitment to the strategy of improving the core activities should lead to an increase in the result in 2015 and a return to profitability.

Despite the negative results, cash flow was positive in 2014, mainly due to effective management of the working capital and a reduction of the capital invested at Property Development. As a result of this, the net interest-bearing debt (interest-bearing debt less cash and cash equivalents) fell by €35 million and stood at year-end 2014 at €31 million (2013: €66 million). Adjusted for the cumulative preference shares (€66.1 million), the situation at year-end 2014 came to a net cash position of €35 million (2013: €0). €212 million of the syndicated bank finance was extended to 31 March 2017. As at closing date, the ratios agreed with the financiers were met.

An amendment to the loan agreement has been agreed with the banking group, so that the negative results relating to the Energiefabriek project in Tilburg will, for the purpose of the reference date in mid-2015, be left out of the calculation of EBITDA for the covenants. The capital ratios are solid, with solvency at year-end 2014 standing at 27%.

The outlook is positive on the basis of the strong group-wide order book (year-end 2014: €2.3 billion, compared to 2013: €1.6 billion) and the recovering housing market. Preparations in the form of faster time-to-market, process improvements and new housing concepts will certainly contribute to this positive outlook.

Revenue

Revenue declined by approximately €130 million to €1.9 billion. This slight decline is mainly due to the decline at Non-Residential and to a lesser extent at Infra operations in Germany. The analysis of the revenue by sector is as follows:

Revenue (in € x million)	2014	2013	Difference
Property Development	179	156	15%
Residential Building Netherlands	210	223	
Residential Building Belgium	89	98	
Residential Building total	299	321	-7%
Non-Residential	388	466	-17%
Infra Netherlands	759	751	
Infra Belgium	128	136	
Infra Germany	260	319	
Eliminations	-6	-14	
Infra total	1.141	1.192	-4%
Other/elimination	-139	-134	
Total revenue	**1.868**	**2.001**	**-7%**

The decline in revenue from the Dutch activities in 2014 was more than €60 million, or around 4%. The majority of this, €78 million, concerned the Non-Residential business unit. The late-cyclical nature of technical services meant that the market contracted further last year. There was also lower revenue at Residential Building (2014: €210 million, compared to 2013: €223 million). The number of homes sold increased last year to a total of 1,347 (2013: 1,082).

Revenue also declined slightly in Belgium last year. The decline in comparison to 2013 was more marked at the German operations, partly due to pressure from intense competition in the infrastructure market. The share of the foreign activities in total group revenue in 2014 was 26% (2013: 27%). The geographical distribution of revenue in 2014 is as follows:

Revenue in %	2014	2013
The Netherlands	74%	73%
Belgium	12%	12%
Germany	14%	15%
Total	**100%**	**100%**

Underlying operating results

The underlying operating result consists of the operating result excluding any adjustments of the measurement of property and land holdings, impairment of goodwill, restructuring costs and other extraordinary items. In 2014, the underlying operating result was a loss of €12 million (2013: operating profit €23 million). The analysis by sectors is as follows:

Underlying operating result (in € x million)	2014	2013	Difference
Property Development	4	1	
Residential Building Netherlands	0	-3	
Residential Building Belgium	2	0	
Residential Building total	2	-3	
Non-Residential	0	2	
Infra Netherlands	-22	16	
Infra Belgium	11	13	
Infra Germany	2	6	
Infra total	-9	35	
Group/other	-9	-12	
Underlying operating result	**-12**	**23**	**-35**

The turnaround in the housing market and increased consumer confidence led to an improvement in the result of both Property Development and Residential Building (including the activities in Belgium) to €4 million and €2 million, respectively (2013: Property Development €1 million and Residential Building €3 million negative). Work was done last year on the 'Huismerk-concept', Heijmans' interpretation of industrialised residential construction, which is based on standardisation of processes, improved execution efficiency, streamlining of business processes, reducing the cost base, and strengthening procurement, in order to continue operating efficiently. This resulted in a positive result for the business area Residential and a higher number of homes sold.

The result at Non-Residential in 2014 was nil (2013: €2 million). The much lower revenue, mainly relating to the late-cyclical installation technology activities, was the main cause. Large projects are increasingly being managed more effectively, but the margins in these projects are still not sufficient, partly due to the market conditions. The margin on services increased slightly in 2014, but this increase was not enough to offset the effect of lower volumes. This meant that a further restructuring of the organisation was needed in order to return to profitability with lower revenues and only limited improvements in margins in the short term. This reorganisation, which was announced in the fourth quarter of 2014, led to the loss of approximately 230 jobs. The change will be implemented in 2015.

The infra activities in the Netherlands generated a very negative operating result in 2014: €22 million negative, compared to €16 million positive in 2013. Compared to the extraordinarily good results in previous years, the result from the infrastructure activities in the Netherlands was much lower in 2014. We had difficulty in pursuing our strategy of margin before volume in a market with overcapacity. Based on current insights, various opportunities and threats in a number of tenders were not properly considered, which led to margin pressure. In addition, there were additional design and engineering costs for working out intended optimisations in the tenders. Combined with the developments at the Energiefabriek project in Tilburg (with an effect of €11 million negative over the whole of 2014), these factors led to a very negative operating result in 2014. As described on page 28, a number of radical improvement measures were implemented in 2014, some of which concern projects taken on in 2014.

The result from the infra activities of €11 million in Belgium was more or less unchanged on 2013 (2013: €13 million). Large integrated projects made an important contribution to this result.
The result in Germany of €2 million in 2014 was lower than the result in 2013 (2013: €6 million). This was mainly due to the tough market conditions in road building in Germany. Against this background, organisational adjustments were effected at Oevermann, including the closure of several locations. The cooperation between Franki and Civil Netherlands is progressing favourably. In Germany, Franki worked on the new Philips office in Hamburg-Fuhlsbüttel last year, among other projects. Franki also strengthened the high voltage masts in Berne on the instructions of the energy company E.ON.

Operating result

The operating result in 2014 came to €64 million negative, whereas a positive operating result of €12 million was achieved in 2013. The operating result was significantly affected by the reorganisation expenses and write-downs on property holdings outside the Randstad. The breakdown is as follows:

Operating result (in € x million)	**2014**	**2013**
Underlying operating result	-12	23
Adjustment for operating result of joint ventures	-9	-1
Write-down of real estate and land holdings	-14	-7
Restructuring costs	-29	-7
Release of pensions	-	4
Operating result	**-64**	**12**

Value adjustment property positions

Heijmans assesses its land and property holdings on a regular basis. The impairment recognised on these holdings in 2014 amounted to €14 million. Although the housing market is picking up and prices are developing positively again, especially in the Randstad area, this did not apply to locations outside the Randstad in 2014. Moreover, within this general classification there are large regional variations. In general, it would seem that the effect of the recovering housing market in areas outside the Randstad mainly concerns the time needed to sell, and – for now – further positive price improvement is limited.

Restructuring costs

Due to the reorganisations announced, mainly at Non-Residential, and the lesser reorganisations at Civil and Oevermann, costs of €29 million have been recognised in the result (2013: €7 million). The reorganisations will be effected in the course of 2015.

Financial income and expense

The analysis of the financial income and expense is as follows:

Financial income and expense (in € x million)	2014	2013	Difference
Interest income	3	3	
Result of sale of associate investment	3	-	
Financial income	6	3	3
Impairment of loan	-2	-	
Other interest expense	-11	-10	
Interest expense	-13	-10	-3
Balance	-7	-7	0
Capitalised interest	2	3	-1
Financial income and expense	**-5**	**-4**	**-1**

Interest expense includes an amount of €5.2 million in dividend on the cumulative financing preference shares. With the low level of interest rates, interest expense was relatively low in 2014. Capitalised interest mainly concerns interest capitalised on land holdings under development. The book gain on the sale of the shares in the PPP project Brabo I N.V. of €3 million (realised in June 2014), is recognised as financial income.

Tax expense

The effective tax rate in 2014 comes to 26% and is affected by a number of non-deductible items. For instance, the interest expense on the cumulative preference financing shares is not deductible. The same applies to the so-called mixed costs such as representation and vehicle expenses.

Capital and financing

The condensed statement of financial position at 31 December on the basis of capital invested is as follows:

Condensed statement of financial position (in € x million)	31-12-14	31-12-13	Difference
Non-current assets	364	352	12
Working capital	-37	65	-102
Invested capital	**327**	**417**	**-90**
Equity	259	313	-54
Provisions	37	38	-1
Net interest-bearing debt	31	66	-35
Financing	**327**	**417**	**-90**

Capital invested was down by €90 million compared to year-end 2013. The lower level of investment and the focus on management of the working capital contributed significantly to this, as did the effect of write-downs of land holdings. Due to the payment behaviour of customers and large fluctuations in the state of project financing, the use of working capital was significantly higher during the year than the level reported at 31 December.

Capital invested: non-current assets

The analysis of the non-current assets is broadly as follows:

Non-current assets (in € x million)	31-12-14	31-12-13	Difference
Property, plant and equipment	93	103	-10
Intangible assets	114	115	-1
Other non-current assets	157	134	23
Carrying amount of non-current assets	**364**	**352**	**12**

The item 'Property, plant and equipment' primarily includes company buildings and lands, machinery, installations, large equipment and other non-current assets. Investments in the reporting year amounted to over €17 million (2013: €15 million). The majority of the other non-current assets consist of holdings in joint ventures in which Heijmans participates, including the PPP National Military Museum.

Capital invested: working capital

The working capital was significantly lower at year-end 2014 compared to 31 December 2013. The analysis of the working capital is broadly as follows:

Working capital (in € x million)	**31-12-14**	**31-12-13**	**Difference**
Strategic land holdings	183	212	-29
Residential properties in preparation and under construction	82	86	-4
Other inventories	24	27	-3
Work in progress	-17	-28	11
Receivables	311	341	-30
Payables	-620	-573	-47
Working capital	**-37**	**65**	**-102**

Receivables amounted to €311 million at year-end 2014, a slight decline compared to year-end 2013. Trade receivables fell along with the decline in revenue in the Netherlands.

Land holdings declined to €183 million (2013: €212 million). To some extent this is due to the improvement in the housing market, whereby holdings could be brought into development and smaller holdings could be divested. In addition, the decline is due to the write-down of some specific holdings outside the Randstad. A large proportion of the holdings, with a value of €128 million, is actively under development, mostly in cooperation with other parties. The other positions, with a collective value of €55 million at year-end 2014, are strategic in nature. No material developments are expected to take place here in the near future. The division of land holdings into types is as follows:

The unconditional commitments leading to future property purchases increased to €110 million in 2014 (2013: €75 million). This is mainly due to the classification of a previously conditional commitment to an unconditional commitment (with an effect of approximately €37 million). The conditional commitments, which may lead to property purchases at a later date, declined to €140 million (2013: €204 million). The majority of these commitments (€103 million at year-end 2014) have only a limited cash impact on materialisation. This relates mainly to commitments to acquire land when the building permit is obtained and/or a sales percentage is achieved.

Financing: equity

Equity declined during the year by €54 million to €259 million at 31 December 2014 (2013: €313 million). This is due to the negative result reported for 2014. The analysis of the changes in equity is broadly as follows:

The solvency ratio on the basis of the capital base, defined as equity plus the cumulative preference share capital, declined in 2014 compared to 2013 and developed as follows:

Change in equity (in € x million)	2014	2013	Difference
Result after tax	-47	2	-49
Dividend	-2	-3	1
Share issue		13	-13
Changes in pension valuation	-5	-17	12
Tax effect of results recognised in equity	1	4	-3
Result of cash flow hedges	-1	1	-2
Change in equity	**-54**	**0**	**-54**

Given the development of both the operating results and the net result in 2014, it will be proposed at the General Meeting of Shareholders that no dividend should be distributed on ordinary shares and depositary receipts for ordinary shares.

in € x million	31-12-14	31-12-13	Difference
Equity	259	313	-54
Cumulative preference shares	66	66	0
Capital base	**325**	**379**	**-54**
Total assets	**1,205**	**1,203**	**2**
Solvency	**27%**	**32%**	

Financing: net interest-bearing debt

Net interest-bearing debt (interest-bearing debt less cash and cash equivalents) stood at €31 million at year-end 2014 (2013: €66 million). Adjusted for the cumulative preference shares (€66.1 million), the situation at year-end 2014 comes to a net cash position of €35 million (2013: €0).

Interest-bearing debt (in € x million)	31-12-14	31-12-13	Difference
Non-current	95	97	-2
Current	10	30	-20
Gross debt	105	127	-22
Cash and cash equivalents	-74	-61	-13
Net debt	**31**	**66**	**-35**

Important elements that contributed to the further reduction of net debt, apart from the focus on the management of working capital via the 'Fit for Cash' programme, also included a conservative investment policy and the recovery in the Dutch housing market.

The analysis of the gross debt is broadly as follows:

Gross debt (in € x million)	31-12-14	31-12-13	Difference
Cumulative preference shares	66	66	0
Project finance	7	14	-7
Other financing facilities	32	47	-15
Gross debt	**105**	**127**	**-22**

Under IFRS, the cumulative preference shares are recognised as debt and not as equity. The holders of the preference shares are not able to call in the debt. According to the contractual provisions, a dialogue was initiated with the holders of the preference shares in the initial months of 2014 in order to determine the new coupon on these preference shares. The coupon on these shares is 7.9 % as of 1 January 2014 and is payable yearly, 14 days after the Annual General Meeting of Shareholders. The dividend will be reviewed on 1

Fort Vechten, Bunnik

January 2019 and every five years thereafter. The company is entitled to repurchase or cancel these preference shares before or at maturity. At the General meeting of Shareholders in April 2014, the shareholders voted in favour of granting the Executive Board the requested authorisation for a period of 18 months to repurchase up to 40% of the B financing preference shares in the Company's capital. Subsequently, the amount outstanding on these shares can be reduced by 40% by cancelling the B financing preference shares. Based on these resolutions, the Heijmans Executive Board has the possibility during 2015, without additional costs, to purchase 40% of the preference shares, whereby such purchase must fit within the company's capital structure.

The syndicated bank funding concerns a total committed facility of €250 million. This facility was unused at year-end 2014. €231 million of this bank facility of €250 million has been extended to 31 March 2016 and €212 million has been extended to 31 March 2017. Commercial collateral has been provided for this syndicated bank financing commitment. As at closing date, the Company was in compliance with the ratios agreed with the financiers. Since the (recourse) net debt was negative at year-end 2014, the (recourse) leverage ratio is not relevant. The interest cover ratio at year-end 2014 was 3.4. The room in the interest cover ratio compared to the minimum level of 3 was limited at year-end 2014, mainly due to the loss of over €11 million on the Energiefabriek project in Tilburg.
An amendment to the loan agreement has been agreed with the banking group, so that the negative results in relation to the Energiefabriek project in Tilburg will, subject to a cap, be left out of consideration in the calculation of EBITDA for the purpose of the covenant on the reference date in mid-2015. Partly thanks to the new arrangement, the Company is confident that it can continue operating during the next year within the framework of the covenant conditions.
As a result of the application of IFRS 11, most of the project finances that have been assigned to projects executed in cooperation with third parties are no longer specifically recognised in the consolidated statement of financial position.

SOLVENCY

27%

2013: 32% ▼

The other financing facilities mainly concern current account overdraft facilities at credit institutions.

Cash flow

The condensed statement of cash flows is based on the indirect method and is as follows:

Cash flow (in € x million)	2014	2013	Difference
EBITDA – underlying	11	47	
Restructuring expenses	-7	-22	
Interest paid/received	-6	-8	
Tax expense paid	-2	-4	
Movement in working capital and other	50	-23	
Cash flow from operations	**46**	**-10**	
Sale/purchase of associates	7	-3	
Investments in property, plant, and equipment, and investment property	-18	-15	
Proceeds from sale of property, plant and equipment, and investment property	13	10	
Loans granted to joint ventures and associate investments	-12	3	
Other	0	2	
Investment cash flow	**-10**	**-3**	
Share issue	0	13	
Dividend paid	-2	-3	
Effect Heijmans Capital	0	13	
Expense for extension of finance	0	-1	
Other	1	1	
Movement in net debt	**35**	**10**	**25**

The positive cash flow in 2014 was mainly due to realised improvements in the working capital, a lower level of investment, and the first effects of the recovery in the Dutch housing market. This enabled sufficient cash flow to fund the material restructurings, for example. The cash flow arising from the purchase and sale of land holdings is shown under 'change in working capital'.

Order book

The order book at year-end 2014 of €2.3 billion is clearly higher than it was at year-end 2013 (year-end 2013: €1.6 billion). The composition of the order book at year-end 2014 and the comparative figures for 30 June 2014 and 31 December 2013 were as follows:

Order book (in € x million)	**31-12-2014**	**30-06-2014**	**31-12-2013**
Property Development	234	229	190
Residential Building Netherlands	275	259	173
Residential Building Belgium	120	102	84
Residential Building – Total	395	361	257
Non-Residential	661	682	511
Infra Netherlands	959	830	576
Infra Belgium	95	98	117
Infra Germany	181	206	162
Infra – Total	1,235	1,134	855
Other/elimination	-238	-226	-170
Total order book	**2,287**	**2,180**	**1,643**

The strong order intake was associated with the recovering housing market and the acquisition of significant projects such as the A9, RIVM, Parooltoren and Trouwgebouw, Eurojust and the N23.

GLOWING LINES, FROM THE LAB TO THE ROAD

This is innovation in an open kitchen

Patrick Martherus, project leader & **Bert Stohr,** innovator

Read the interview at **heijmans.nl**

HUMAN RESOURCE MANAGEMENT

A pleasant, safe and healthy working environment

Ministries of Security and Justice and of the Interior and Kingdom Relations, The Hague

Trends

Customers are increasingly demanding speedy construction and minimal obstruction and disturbance during realisation of works. This requires a flexible approach. In addition, the size of works means the order book fluctuates during the year, so a flexible element is needed, in addition to the permanent workforce. This means we can respond more effectively to the demand for capacity. The complexity of the assignments that Heijmans focuses on means there is a need for more knowledge in the preparation and execution phases of projects. This has consequences for the profile of the workforce, with a clear need for more attention to preparation and engineering. Finally, the pressure on prices means that continuous improvement and efficiency are needed.

Vision and policy

Healthy, motivated and skilful employees contribute in all kinds of ways to the strategic business objectives. Sustainable employability is a continuous process in which employer and employee actively ensure maintenance of the ability to work, the creation of employment opportunities and delivery of excellent performance. Senior management, supervisors and HRM have a role in facilitating this process and employees in taking responsibility for their employability. In view of the developments described, Heijmans' HR policy is strongly focused on the creation of both flexibility and sustainable employability. This enables the business targets to be achieved and also responds to the changing demand from customers. The connection between flexibility and employability, which results in vitality, is therefore crucial. In striving for vitality, the development of talent, an appropriate learning environment and a safe and healthy working environment are of major importance.

Heijmans expresses this in five HR priorities:

1. Flexible working

Customers ask for the execution of road works during off-peak times. The demolition or renovation of a terminal, hospital or other facility also increasingly

occurs outside office hours. The customer must be able to continue working and drivers must still be able to use the roads while Heijmans is carrying out road works at the same time. In other words, for a contractor, flexibility is an essential part of HR policy. Large and complex works also more frequently involve fluctuation in the order book, so that 'seasonal' or project-related labour is increasingly required.
The umbrella collective employment agreement does not yet adequately reflect this feature, and account will have to be taken of increasing flexibility by means of individual agreements to enable customised work to be done. The collective employment agreement can serve as a basis agreement, with additional and employer-specific arrangements. The construction industry will increasingly have to take account of flexible working, since customers require the flexible deployment of labour and a more flexible collective employment agreement and regulation. In addition, continuous improvement, including improvement through cost reduction, is needed in the current market conditions. Employees expenses are therefore also under continuous pressure. For Heijmans, exchanging free days for increased pay would be an option.

2. Safety, health and prevention

With the GO! safety programme, Heijmans strives to achieve safe working conditions and literally No Accidents (Geen Ongevallen). The programme was started in 2013 and is operated by a programme manager who reports to the group senior management and is assisted by 30 'GO' ambassadors. Safety is and will continue to be an important issue for the construction industry, also due to the number of partners (co-makers, suppliers, sub-contractors etc.) with whom we cooperate in projects. Uniformity, transparency and clear targets are obviously important for the construction site itself, but also outside.

The Heijmans proprietary Health and Safety Centre advises, guides and supports managers in the maintenance of the deployability and availability of employees, and therefore their productivity. The Health & Safety Centre also strives to prevent absenteeism and contributes to the optimisation of working conditions. This maintains and encourages the deployability of employees and their availability for work. The starting point is the employee and how he can be employed despite his disability. Heijmans refers employees with health problems directly to the network of specialists that it has created itself. Besides speed, this also has a positive effect on absenteeism.

All Heijmans employees can make use of a regular working health check by the Health & Safety Service (Arbodienst). Follow-up interventions as a result of the regular medical check, such as workplace visits, ergonomic studies and vitality interviews, are supported by Heijmans.

3. Learning organisation

The design of the educational programme divides into three lines, namely: project management, asset management and management development. We organise some of our training 'in company', supported by external professionals, so that the training will reflect the Heijmans practice as closely as possible, with recognisable examples and Heijmans case studies. The principle applied by Heijmans for the design of training is that a large part of the learning ability is developed through the work itself, and a smaller part is accomplished through coaching and feedback, with a still smaller part being realised in the form of formal training and courses. The same applies to our in-house training in the context of management development. Examples are the Heijmans Management Programme, the Heijmans All-Round Professional Programme and the Heijmans Higher Management Training. The project management training offers a learning programme with a focus on practice.

4. Management Development

Management development concerns the development, training, retention and attraction of talent in the organisation. Heijmans' intention here is firstly to obtain a clearer picture of the desired profiles and competences of new employees, and secondly to promote upward mobility and the development of knowledge and expertise. Management development 'matches' this demand and the supply in the organisation by getting involved with positions that will become vacant at an early stage and having a broad and accurate understanding of the employees. The aim is develop the leadership that is needed to realise the strategy. A number of tools are used to achieve this aim. These include education and training, management reviews, coaching, the deployment of mentors and exchange of knowledge at talent lunches. A number of senior management positions were filled through internal promotion and/or job rotation last year.

SICK LEAVE

3.93%

5. Culture

The changing market and the complexity of projects requires a culture in which self-critical abilities and leadership are needed. These cultural values and competences of our employees are necessary for adequate contract and project management. Heijmans strives for further development of these characteristics in its training, recruitment and development policy.

Co-determination

The Central Works Council (CWC) focused on integrated employment benefits and safe working conditions in 2014. A new employee participation structure was created in 2013 that was developed further in 2014. The essence of this is the close cooperation between the integrated committees (Strategy, Finance, Social Affairs, Safety/Health/Wellness and Environment, Communication) and the Central Works Council. This has created a thematic approach in which the representatives concerned work collectively, to the extent possible. Further elaboration of this model should mean that in 2017 an employee participation organ will exist that will continue to reflect the central direction at Heijmans and safeguard the continuity of knowledge and experience. The WC theme day in 2014 featured the subject of flexibility. The social trend of increased flexibility was addressed, including the inevitability of having a flexible 'skin' to be able to deal with peaks and troughs in revenue.

The European Works Council (EWC) met on two occasions in 2014. The Central Works Council met six times in 2014, whereby four of these occasions involved consultation with the chairman of the Executive Board. A member of the Supervisory Board was also present at two of these meetings. Subjects discussed included the elections to the Works Council, various requests for advice and approval, and integrated employee participation.

TRAINING

2.9 M

3.3 via premiums

The main requests for approval and advice in 2014 included the following:

- Approval of harmonisation of metal arrangements
- Advice on organisational restructuring at Non-Residential
- Advice on organisational restructuring at Civil (cables and pipework). In total there were eight requests for approval and nine requests for advice in 2014.

Training

Heijmans invested €2.9 million in the Netherlands in 2014 (2013: €3.5 million) in training and €3.3 million (2013: €3.7 million) premium in training and development funds. Courses are, on the one hand, designed on the basis of the identified need for training on the basis of performance, development and functioning, and on the other hand many of the courses are required by law and/or collective training relating to development of trades. Some of these courses are organised in-house, although a large part are run by institutes set up by law for that purpose.

Based on the individual need for training, around 4,900 employees commenced a course or training in the 2014-2015 study year. These will be completed in mid-2015, as the study year runs from September to September. In addition, many employees take supplementary and legally mandatory training such as BHV and VCA, and also attend business training days.

174 students took their apprenticeship training at Heijmans in 2014 (2013: 230). Of the Heijmans employees in the Netherlands, 118 qualified as 'master' (2013: 214). In the Netherlands, 335 work experience and graduate trainee positions were filled in 2014 (2013: 346). The aim is to improve the potential of internal training in the coming years, so that a large part of the training requirement can be met by colleagues themselves.

Knowledge intensity

The essence of the work is becoming increasingly complex and knowledge-intensive. This means that direct demands are made on the the work level and educational level of the employees. In order to understand this 'fit', a first step was made last year by linking the required training level on the basis of all the job descriptions in the Netherlands. These knowledge levels are categorised by the level of training. The next step will be to identify this for the foreign operations and then determine what the future scope and requirement for knowledge levels is, given the development described above towards increasing complexity and knowledge intensity.

TOTAL				
WO	HBO	MBO	LBO/ VMBO	TOTAL
185	2073	2492	520	5270
4%	39%	47%	10%	100%

Diversity

The encouragement of diversity through attracting and retaining a higher proportion of women continues to be an important item of attention for the medium to long and long term. A further increase in the proportion of women is visible across the whole line. Partly due to the low intake of new employees, it has been difficult to achieve an even greater change in the proportion of males to females.

The proportion of women in senior management in the Netherlands has increased to 10.6% (2013: 9.4%). The number of women in the Dutch business units also increased slightly from 10.0% in 2013 to 10.7% in 2014.

The proportion of women in middle management in the Netherlands also rose from 8.7% in 2013 to 10.8% in 2014. The proportion of female management trainees was roughly one-third in 2014. Among the participants in the Heijmans Masterclass, an important recruitment tool for management trainees, the number of female participants is around 40%. As in previous years, Heijmans has actively contributed to initiatives such as Stichting Talent naar de Top, Femme Tech and VHTO (Girlsday).

	2012	2013	2014	Target 2015
Total % number of women	10.4%	10.0%	10.7%	13%
% of women in middle management	9.2%	8.7%	10.8%	14%
% of women in senior management	8.0%	9.4%	10.6%	14%

Absenteeism

Analysis of the causes of absenteeism reveals that stress is an increasingly common cause. In some cases the stress is work-related. Due to the increase of this cause of absenteeism, the Arbo Service Centre developed a workshop together with the Heijmans Academy in 2014, in order to inform employees regarding signs and consequences of work-related stress. A preventive stress at work process is available for the executive technical administrative personnel of Heijmans, in which employees are taught how to deal with work-related stress and are assisted by coaching.

The absenteeism rate of 3.9% in 2014 has fallen compared to 2013 (4.51% excluding Belgium and Germany).

Absenteeism since 2003	Indirect personnel	Direct personnel	Total
2008	2.39%	5.67%	4.20%
2009	2.24%	6.23%	4.45%
2010	2.20%	6.09%	4.36%
2011	2.36%	6.45%	4.66%
2012	2.50%	6.37%	4.66%
2013	2.41%	6.25%	4.51%
2014	2.47%	5.28%	3.93%

Workforce figures

At the end of 2014, the company employed 7,206 people (2013: 7,445) with the following geographical distribution:

Country	2014	% of total	2013	% of total
The Netherlands	5.255	73%	5.297	71%
Belgium	945	13%	1.057	14%
Germany	1.006	14%	1.091	15%
Total	**7.206**	**100%**	**7.445**	**100%**

Almost all employees in the Netherlands are covered by a collective labour agreement (CAO).

Employees in the Netherlands covered by a CAO	
CAO for the Construction Industry	70%
CAO for the Metal & Technology Industry	29%
Other	1%
Total	**100%**

90% of the Heijmans employees (including abroad) are men, and 10% are women (2013 (Netherlands only): 90% men and 10% women). 92% of the Heijmans employees (including abroad) work full-time, and 8% work part-time (2013 (Netherlands only): 90% full-time and 10% part-time). In the Netherlands, 51% work in direct jobs (production by construction site employees). Approximately 95% of the employees have an employment contract for an indefinite time period and 5% are employed on a temporary contract basis (2013 (Netherlands only): 94% and 6% respectively).

The age distribution of the employees is as follows:

The aim is to maintain the current age distribution in the construction industry, despite the increasing age of the population as a whole.

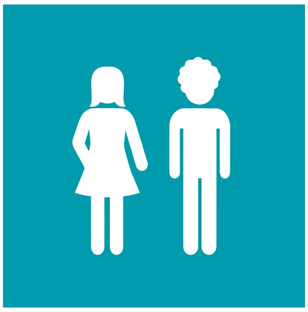
	Total in %	Numbers		
		The Netherlands	Belgium	Germany
% of employees aged 24 years or less	3%	148	56	27
% of employees aged between 25 and 39 years	33%	1,840	305	216
% of employees aged between 40 and 54 years	44%	2,274	414	500
% of employees aged 55 years and over	20%	993	170	263
Total	**100%**	**5,255**	**945**	**1,006**

Intake by age:

	Total in %	Numbers		
		The Netherlands	Belgium	Germany
% of employees aged 24 years or less	17%	67	18	8
% of employees aged between 25 and 39 years	49%	233	14	26
% of employees aged between 40 and 54 years	28%	127	7	21
% of employees aged 55 years and over	6%	23	0	9
Total	**100%**	**450**	**39**	**64**

Outflow

In 2014, 910 employees (13%) left the company (14% in 2013). Of this number, 648 employees were working in the Netherlands, 112 in Belgium and 150 in Germany. The employer terminated the employment in 501 cases and 409 employees left of their own accord. The regular intake consisted of 553 employees or 8% (6% in 2013), 103 of whom are employed outside the Netherlands.



DIVERSITY

10.7%

De Blauwe Ader, Tilburg

LIEFKENSHOEK RAILWAY HUB, ANTWERP

We will be managing and maintaining the tunnel systems for 15 years

André van de Velde, design manager & **Steven van Hoef,** general foreman

Read the interview at **heijmans.nl/verhalen**

The contours of tomorrow

Kanaleneiland, Utrecht

Business model

Heijmans delivers added value by active chain management with the aim of achieving efficiency and integration of this chain and increasing the level of knowledge and competence within the company through innovation and integration. To do this, Heijmans works together with partners and uses the various capital flows in the chain. In this business model, Heijmans uses various types of capital. These types of capital vary in several aspects:

Analytical method for material reporting items

The aim of the materiality analysis is to define KPIs that contain essential information and framework-setting parameters for the various stakeholders on the amount of value added and the development of this by Heijmans. The business model, which can be divided into several capital flows and issues, and the strategy of 'improve and renew', form the input for this analysis. Dialogue sessions are organised to identify what

Capital/materiality	Dealt with in annual report in:	Such as:	Number of issues:
Financial	Financial situation, the Heijmans share	Liquidity, payment terms, dividend	26
Produced	Operating performance	Smart grids, wifi, building flexibility	50
Human capital	HRM	Training, loyalty, sick leave	22
Intellectual capital	HRM	Knowledge of BIM, IP, PPS and BVP	24
Natural capital	CSR	Material types, energy use	19
Social and relational	Conduct, integrity and dilemmas	Chain responsibility, conduct values	57
			198

stakeholders see as essential information. In combination with our own vision and industry characteristics, there is a list of material aspects that significantly affect the realisation of the strategy. These material issues are determined on the basis of a materiality analysis.

Renewal agenda: creating value instead of withdrawing it

As stated in the renewal agenda, thanks to new insights and technological developments it is possible to refrain from extracting fossil fuels or energy from now on, and it is actually possible to generate them, and thus create value. This is the basis of the strategic renewal agenda.

In this vision, the following material issues are the most important: financial soundness, customer satisfaction, innovative products, efficiency and effectiveness.

Relevant (industry-related) developments

A number of developments last year can be mentioned that increasingly are affecting the operations of Heijmans. This concerns the following developments and trends.

Process and chain integration: Big steps can be made by intelligent changes to the product or the production process. Innovations are a source of processes for creating sustainability. As a project-driven organisation, Heijmans works with many partners. The Heijmans business model not only concerns chain cooperation, it also requires optimal cooperation within the organisation. By offering integrated knowledge and services, we create more knowledge and efficiency. An example of this is the cooperation between Residential Building and Property Development, resulting in several sustainable housing concepts such as Zero Ready and the Huismerk. Proven techniques and continuous improvements are applied in concepts that offer customers more freedom of choice, lower costs and higher quality. Process and chain integration can deliver a great deal, but it also involves responsibility. This concerns the liability in the chain, for instance towards suppliers and the way in which they produce.

TOTAL WASTE

19,686

Tons

2013: **20,368 tons** ▼

Health and safety: The construction sector features constantly changing circumstances and a high degree of complexity. Builders work with partners, suppliers and sub-contractors under high pressure in terms of both time and cost. Construction is labour-intensive and not without danger. Work is carried on throughout the day and night in all kinds of weather and often while all the activities of the customer and the environment continue as normal. The number of accidents is slowly declining, and in comparison with other sectors the construction industry has high scores with respect to absenteeism and accidents leading to hospitalisation. Health and safety therefore directly affects the construction industry, not only as regards cost but also the attractiveness of the sector. Moreover, this aspect directly affects reputation. For several years, Heijmans has been running a programme focusing on improving safety, and thus is actively striving to improve safety.

SAFETY IN THE CHAIN

97%

2013: 91% ▲

Human rights: At Heijmans, observing human rights is seen as an essential element of having a licence to operate. Many of the aspects involved in human rights are representative for the construction industry. The initial reaction to this theme is often on the basis of a negative connotation. Human rights is seen in connection with the term 'violation', while many of the issues related to this theme are items of daily attention for the management and are standard elements of the HR policy and/or the procurement policy. This involves matters such as providing good working conditions, freedom of association (trade unions), fair pay and taking account of sustainability issues in procurement. Heijmans has signed certain agreements (for instance, the green deal on concrete) in support of various international frameworks relating to human rights such as the ILO guidelines, millennium objectives, OECD guidelines and ISO 26000. In addition, there are various reporting mechanisms and whistle-blower schemes in place (see page 85) for the monitoring of this aspect.

Regarding chain responsibility and procurement, there is a difference between the statutory and the moral responsibility for the consequences of procurement decisions. In addition to a substantive analysis of the risks associated with the products procured, this requires a discussion with stakeholders regarding the scope and depth of monitoring. Suppliers were involved in this dialogue last year. Through the tighter procurement policy that has been in effect starting from 2015, there will be further monitoring of compliance with procurement agreements and chain responsibilities via account management and a supporting system.

New life inside: An increasing number of products consist of materials that have been recycled or are recyclable. There is also a new trend whereby the material also provides something new, something that was not there in the first place. This is the essence of Heijmans' renewal agenda. The Heijmans Bright House is an example of this. This is a home that does not consume energy, it produces energy. And there is also the self-healing asphalt, which repairs itself by making use of the effect of heat on the steel fibres in the asphalt. Another example is the energy-generating sound screen (SONOB) that reduces noise and generates energy.

Presumers and custowners: Presumers are consumers who want to be closely involved with the creation of new products and brands, for example with the launch, funding or development of a product. Even before the product is developed, presumers want to be involved in the development, funding and promotion of it. For the construction industry, this development can be seen in the trend of co-creation, such as that used for the property development project 'Wiener' in Amsterdam, where a plan was formulated in close consultation with interested parties and future residents. Custowners are consumers who are not satisfied with being passive consumers, they want to invest actively (or even wish to own part of) the brands whose products they buy.

In the industry-related developments, the following material issues are the most important: chain integration, health and safety, innovative ability, new products and services and the development thereof.

Stakeholder analysis

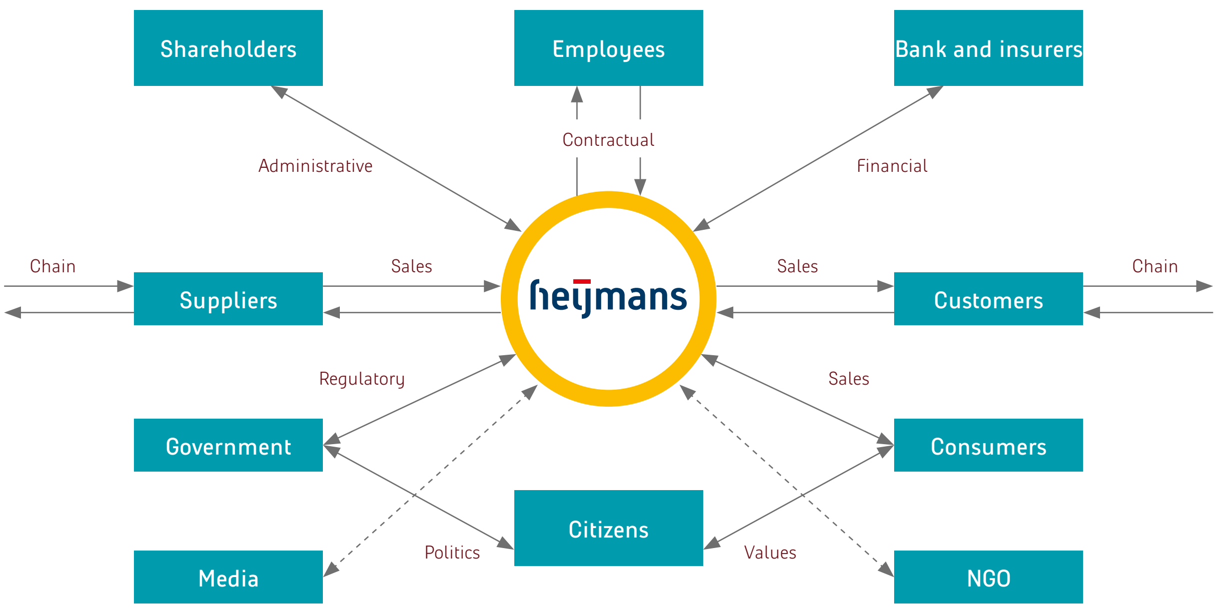
Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company. The stakeholders are the groups and individuals that directly or indirectly affect – or are affected by – the company's realisation of its goals: principals/customers, employees, shareholders and other capital providers, suppliers and subcontractors, the industry, governments, knowledge and educational institutions, and social groups.

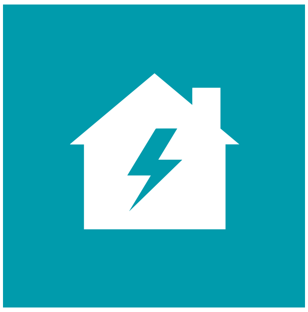
The stakeholder analysis has three aspects:

- the dialogues with stakeholders;
- the testing of policy and strategy with stakeholders via a number of channels and instruments, and;
- an analysis of the most important issues for the largest customers on the basis of purchasing and tender criteria.

1. Stakeholder dialogues

Stakeholders





ENERGY USE IN HOUSING

2.3%
Lower

2013: **6.3% lower** ▲

A number of dialogues were conducted with a representative mix of stakeholder representatives in 2014. This concerned a qualitative analytical method. The following recommendations were made.

Property Development and Residential Building

The meeting held on 2 June was attended by representatives (17 attendees) of businesses, consumer organisations, advisers and suppliers. First of all, the business strategy 'improve and renew' was presented. The attendees were then asked whether they endorsed this strategy and which aspects they felt were valuable and relevant.

The response was that the strategy focusing on improving the core activities was endorsed. Customer satisfaction with comfort and experience as important aspects was also acknowledged by the attendees, as was attention to cooperation in the chain. Lastly, the social motive of improving the living environment was also endorsed by the stakeholders.

For the stakeholders, it was important that more emphasis should be placed on the impact and the value of the products for the end users, in this case the residents. Heijmans could communicate more about why it undertakes certain matters, in the opinion of the attendees. They also considered collective innovation with partners to be important.

Non-Residential

On 22 October there was a stakeholder meeting at the National Military Museum project focusing on the activities of Non-Residential. The attendees included the Central Government Real Estate Agency, commercial organisations and customers, the University of Leiden and various advisers and architects (a total of 13 attendees). The strategy was also presented to this group, after which – in view of this activity - the focus was placed on cooperation in the chain.

The stakeholders considered it relevant that Heijmans continually carries on a dialogue with customers, also in order to collectively manage processes and risks. They also called for more attention to transfer moments, whereby information remains preserved. Their advice was to devote more attention to preparing projects before starting them, and to state the collective result by being transparent in mutual interests. Lastly, the stakeholders suggested that Heijmans could be more proactive so that knowledge, experience and vision can be even more effectively applied in the projects.

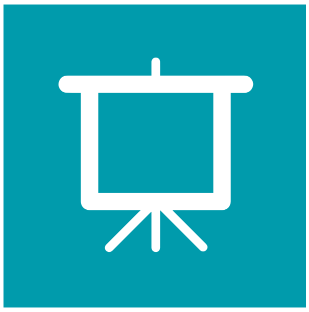
Infrastructure

At the stakeholder meeting, the stakeholders in the business units Roads and Civil discussed which impact aspects of Heijmans were the most important in their opinion. Representatives were in attendance. They qualified transparency and chain integration, co-creation, financial soundness, health and safety and lastly innovation in the area of sustainability as the most important aspects.

2. Regular interaction and testing

The strategy and policy are tested by means of the following:

- **Roadshows and conferences:** Heijmans is in contact with its shareholders and potential shareholders on various occasions for the purpose of a dialogue with shareholders. Not only at the general meeting of shareholders and the regular meetings with major shareholders, but also through conferences at which individual discussions and meetings take place with existing and new shareholders. Six roadshows were held and ten conferences were attended during the past year.
- **Analyst meetings:** Heijmans holds regular discussions with analysts who follow the company and its shares. An analyst meeting is held during the presentation of the annual and half year figures, and analyst calls are arranged during the trading updates in the spring and autumn. The annual and half-year meetings can be followed live via a webcast. Participants can also ask



NUMBER OF ROAD SHOWS AND CONFERENCES

6 road shows

10 conferences

questions via a webcast. The audio files of the calls can be heard again and are available on the website. An investor relations manager is available to answer questions from analysts and investors. A project visit was arranged for analysts to projects in Pijnacker.

- **Project meetings for shareholders:** last year Heijmans arranged a number of visits to projects with various groups of shareholders, including a visit to the St. Jans parking garage in 's-Hertogenbosch.
- **WC meetings:** the directors at Heijmans hold regular discussions with the works councils of the company. The frequency, issues discussed, requests for approval and advice are described in the HRM section under 'employee participation'.

Social media

Technological and social developments are accelerating the distribution of information and communication and making this available to the public. Information is being placed, shared within groups and thus made public via social media such as Twitter and Facebook. Participation and connection with these social media is essential for companies in enabling them to achieve transparency and interaction. Heijmans launched a new and interactive website in mid-2014. Customers, stakeholders and interested parties are invited through this medium to respond to information from Heijmans. All articles can be shared, and contact persons are stated for each article with whom a dialogue can be held. Heijmans is also active on Twitter, Facebook and Yammer, as the company wishes, in this way, to appeal to a wide target group, in order to sound out the opinions and sentiment of stakeholders. Heijmans uses guidelines for the use of social media for employees in order to ensure transparency and integrity. These guidelines apply to all employees and temporary personnel.

SOCIAL MEDIA

Twitter:
24,500

Facebook:
3,319

LinkedIn:
2,174

3. Analysis of issues per customer group

For this analysis, the top of Heijmans's largest customers was analysed for procurement and awarding criteria and any policy considerations that affect the criteria.

ACCIDENT INCIDENTS

5.6

2013: 6.0 ▼

Private home buyers

The renovation monitor of Building Knowledge shows that sustainability is an important motive for renovation. As many as 43% of the respondents appreciate sustainability, and decided to change their homes. The respondents see the aspect of sustainability as making their homes sustainable for their lifetimes, and saving energy. The same applies to new-build and the measures designed to encourage energy saving. Sustainability is important for reducing the cost of living via the energy bill. Sustainability also plays a part in the decision to purchase, as it implies less need for maintenance. However, the most important aspects by far for buyers were the price-quality ratio, the architecture/design, and the location. Regarding the attractiveness of locations, the living environment is then an important consideration, subdivided into greenness, space, air quality, facilities, etc. In summary, private buyers see sustainability in terms of its potential to reduce expenses and also as part of an attractive living environment. Price is still, however, the decisive factor in a purchase decision.

Prorail

The award criteria of Prorail have been elaborated in a CO_2 performance and safety ladder that provides potential contractors with a notional discount and thereby preference in the award process. The criteria are a mix of price, social factors and safety. Prorail is thus emphasising the importance of sustainability and the strategy of Heijmans.

Schiphol

Sustainability is an important term for a customer like Schiphol airport. The airport's policy focuses on noise and the environment as well as a number of themes such as climate-friendly aviation, accessibility, scarcity of raw materials and sustainable employment. Suppliers and contractors, including Heijmans, can make real contributions by supplying products that support this policy.

Government (including the Directorate General for Public Works and Water Management (RWS) and Central Government Real Estate Agency)
Since the introduction of the Public Procurement Act 2012, the principles of 'MEAT, unless' has been applied. Under MEAT (Most Economically Advantageous Tender) the principal assesses the tenders on quality as well as price. Every contract is in principle awarded on the basis of MEAT unless an award on a different basis can be justified. The trend is that price is important and often the most heavily-weighted criterion in an award, but that qualitative criteria such as planning, communication, sustainability and risk management are gaining in importance. The use of the CO_2 performance ladder has now been adopted by RWS with the aim of reducing emissions. Government agencies are also proposing to make Greencalc mandatory for buildings.

Summary of stakeholder analysis
Across the whole line of stakeholders, it emerges that sustainability is not reflected as an ideal or an environmental aspect, it is mainly seen as a quality aspect that brings about lower maintenance and/or energy costs. With infrastructure works it also involves reducing disturbance, such as noise, or minimising delays through intelligent planning. Award criteria are based on these aspects.

According to the stakeholder analysis, the following material issues are the most important: health and safety, customer satisfaction, reducing environmental disturbance and financial soundness.

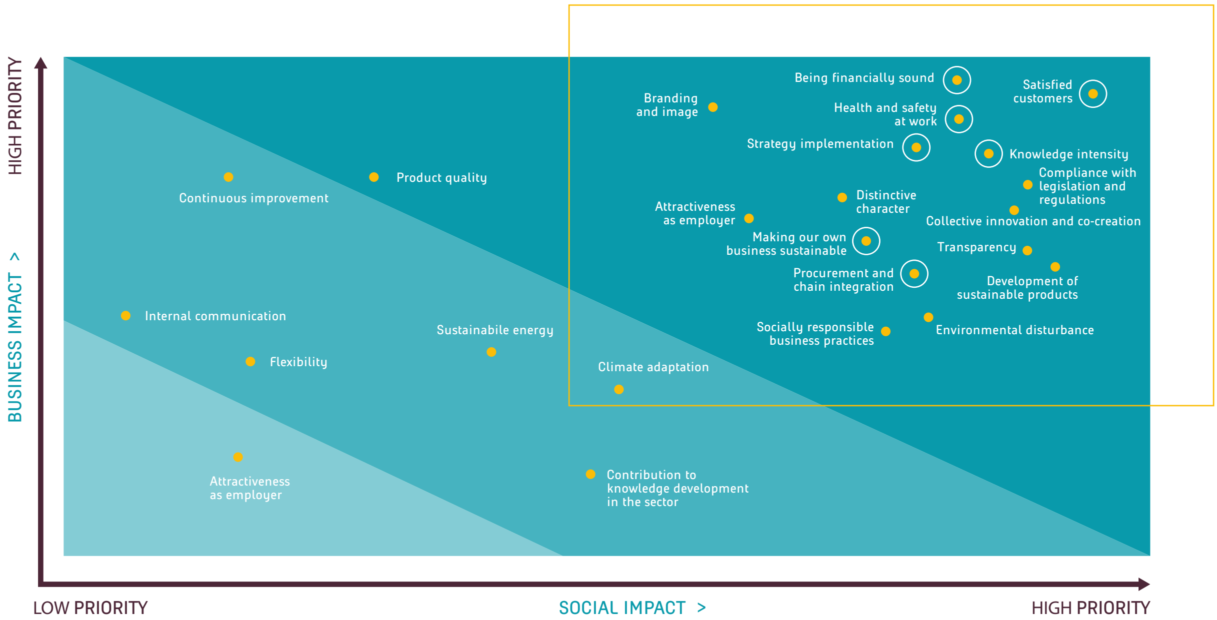
Material reporting issues
Based on the above materiality analysis, the following are the most important issues in each analysis for Heijmans:

Material issues per analysis:

Vision	Industry-related	Stakeholder analysis
financial soundness	chain integration	health and safety
satisfied customers	health and safety	customer satisfaction
innovative products	innovative ability	reduction of environmental disturbance
efficiency and effectiveness	new products and services	financial soundness


Solar Noise Barrier

If these aspects are set against the dimensions of social impact and business impact, this produces the following list of priorities (most material issues for Heijmans). In the table, the 'social impact' axis shows the importance attached to the issue by external stakeholders and the 'business impact' axis shows the importance of the issue by internal stakeholders.



Legend

- Issue (part of materiality analysis)
- Material issue (based on material analysis, included as reporting item)

CO_2 EMISSIONS

48,995
Ton

2013: **56,465 tons** ▼

SEPARATION PERCENTAGE OF WASTE ON SITE

64%

PERCENTAGE REUSE AFTER REMOVAL

90%

2013: **90%** =

The matrix shows that the following aspects are the most important for Heijmans if they are set against the relevance of the business and the social developments:

- being financially sound
- satisfied customers
- health and safety
- strategy ('improvement and renewal') implementation
- procurement and chain cooperation
- knowledge intensity
- sustainability

These seven issues form the basis for the material reporting issues. The issues are largely reflected in the indicators that have been quantitatively analysed. The aspect of 'satisfied customers' is not yet one of the reporting issues, but on the basis of the materiality analysis it will be included in 2015.

Key Performance Indicators

The list of KPIs in addition to the financial KPIs is as follows.

KPIs/targets 2014

Material issue	KPI	Target 2014
strategy ('improvement and renewal') implementation	Total footprint CO_2 emissions	6% decline compared to 2012 in 2016
strategy ('improvement and renewal') implementation	Energy use in developed housing	Average EPC performance lower than Spring Agreement (in 2014 = 0.6)
strategy ('improvement and renewal') implementation	Total waste	5% decline compared to 2013
procurement and chain cooperation	Separation percentage on site	65% (weight) in 2015
procurement and chain cooperation	Percentage of reuse after removal	90%
procurement and chain cooperation	Use of sustainable timber	100%
procurement and chain cooperation	Percentage of signed codes of conduct by preferred suppliers	100%
health and safety	Total sick leave	<4.0%
health and safety	Number of accident incidents	<6
health and safety	Fatal accidents (own employees and subcontractors)	2% in 2014
health and safety	Safety in the chain	100%
strategy ('improvement and renewal') implementation	Total proportion of women	13% in 2014
strategy ('improvement and renewal') implementation	Total proportion of women in senior positions	14% in 2014
strategy ('improvement and renewal') implementation	Knowledge intensity	Baseline measurement

KPIs in 2013 and 2014

A number of KPIs were changed in comparison to 2013. This concerned the addition of the company's knowledge intensity as a new indicator. The KPI with respect to the FSC and PEFC certification (all suppliers certified) has now been achieved and is thus no longer included in the reporting. Finally, the separate measurement of the proportion of energy-efficient cars has been removed and will be included in the calculation of the total footprint of Heijmans.

Dashboard material issues

Target	KPI	Score 2013	Target 2014	Score 2014
Contributing to combating climate change by reducing our own CO_2 footprint	Total footprint CO_2 emissions	56,465 tons	Decline of 6% in 2016 compared to 2012	48,995 tons
	Energy use developed housing	6.3% lower compared to requirement	Average energy performance (EPC) lower than Spring Agreement	2.3% lower compared to requi ment
More efficient raw material chains by reducing waste and increasing separation percentages	Total waste	20,368 tons	(-)5% (weight)	19,686 tons
	Separation percentage on site	63.7% (volume) and 63.6% (weight)	>50% (volume)	64%
	Percentage reuse after removal	90%	>75%	90%
Avoid exhausting raw materials and loss of biodiversity though sustainable sourcing	Use of sustainable timber	94.6%	100% of all timber products procured is sustainable timber	94.9%
Giving sustainability a role in the chain	Percentage of signed codes of conduct by preferred suppliers	88%	100%	95%
Providing a healthy and safe working environment	Total sick leave	4.51%	<4.5%	3.9%
	Number of accident incidents	6	<7	5.6
	Fatal accidents	1	0 (including subcontractors)	2
	Safety in the chain	91%	90%	97%
	Number of accidents	130	<80	120
Increasing the social return	Total proportion of women	10.0%	15% (adjusted to 13%)	10.7%
	Knowledge intensity		Baseline measurement	43%

Scope of KPIs

The scope of all KPIs mentioned in this table is the Dutch market. This does not apply to the financial figures in the rest of the report, which cover the whole company. In 2014 various steps were taken to increase the scope of the KPIs to include the foreign operations. Figures for this are already being produced in internal reporting. The scores, and also the hardness of the figures, however, are often not comparable and cannot be counted with the figures for the Netherlands. This may be due to: less extensive experience of reporting non-financial figures, use of different definitions, other statutory norms, etc. The mutual results often vary, and accordingly we have decided to make a further improvement here in 2015.

	Note	Measuring method	Target 2015 >
	See appendix	SKAO CO2 performance ladder, GHG protocol	6% decline in 2016 compared to 2012
ire-	EPC requirement reduced to 0.4 from 2015	Average of housing developed by Heijmans in comparison with the EPC requirement (0.6), measured at time of building application (DO)	Average EPC performance lower than Spring Agreement
	Development of amount of waste is still difficult to interpret, since this is heavily revenue-dependent and varies according to the works in progress.	ENCORD Construction Waste Measurement Guide for definitions	5% decline compared to 2014
	Concerns only construction waste, excluding business waste Score 2014 is 6.3% higher than in 2013.	ENCORD Construction Waste Measurement Guide for definitions	65% (weight) in 2015
	Based on tonnage	Based on waste profile of Van Gansewinkel; incl. amounts Sita and other waste processors.	90%
	This is a widening of the scope compared to 2013 since all timber products procured are included rather than only timber purchased directly	Monitoring according to Construction and Timber Agreement 2013	100%
	Overview of all preferred suppliers with framework contracts that have signed a CSR declaration.	Registration in Esize system	100%
		Health and Safety Service guidelines for measuring absenteeism rates	<4.0%
		Incident Frequency (IF) according to the Safety Expert measuring methodology	<6
		Health & Safety Service data	0
		Summary of preferred suppliers with framework contracts with VCA or VCU certificate in proportion to total revenue	100%
	The target was set based on smaller scope in 2013, leading to a deviation	All accidents with absenteeism occurring at Heijmans projects.	<83
		Print-out of HR system with number of employees and proportion of women	13
	This means there are slightly more MBO and/or lower personnel than HBO and higher personnel.	Knowledge intensity is measured by the ratio of employees with WO/HBO education compared to MBO and lower	45%

NB.

- Since 2013, one KPI has been added, which gives an indication of the company's knowledge intensity. This KPI has been measured for some years, but is now included in the main list for the first time.
- The KPI: 'all relevant companies that are FSC and PEFC certified' has lapsed as this target has now been achieved.
- Under Safety, the total number of accidents is also reported this year.
- Proportion of energy-efficient company cars as a separate KPI has lapsed. Measurement as proportion of the total CO_2 footprint of Heijmans.
- The provisional measured figures for safety outside the Netherlands is significantly higher than the figures for the Netherlands. Further investigation is needed to show whether this is for administrative or other reasons.
- The waste figures for 2013 have been adjusted on the basis of data received at a later date. They are therefore different from the figures originally reported for 2013.

Notes to the dashboard

The total CO_2 emission was lower last year, however not in accordance with the formulated target. The total waste produced increased last year. The targets set for safety in 2014 were not achieved. The aim is that no accidents should occur at the company, however last year two fatal accidents occurred and the number of accidents rose. The IF figure, that shows the number of accidents involving absenteeism of at least one day per million working hours, did decline last year to 5.6 (compared to 2013: 6.1). With regard to procurement, a tighter policy was introduced in 2015, resulting in a strong focus on sustainability statements via account management. The scope was changed in a number of cases during the year, meaning that the targets set were not achieved. However, in all these cases, including the application of sustainable timber and the accident figures, the scope was widened and accordingly the measurement area was increased.

Examples

Brainjoint

The name BrainJoint stands for Buried Reinforced Asphalt Interlayer Noiseless Joint. Freely translated, this means a hidden, invisible and inaudible joint that works by means of armoured intermediate layers in an asphalt construction. Joints in roads are needed to join the connecting road surface to a viaduct or bridge. Temperature changes and other movements in bridge beams due to traffic have to be absorbed by a flexible waterproof strip across the road. Traditional joints are made of hard concrete borders with a rubber profile in between. These produce a loud pulse sound when driving across them. Certainly when a silent layer of material such as porous asphalt is applied, the noise produced by the joints becomes disturbing+. Brainjoint offers a connection that provides comfort for drivers and avoids extra noise pollution for the environment.

Maintenance of the Meander Medical Centre

In 2014 the Meander Medical Centre signed a maintenance contract with Heijmans and Ballast Nedam for preventive and corrective maintenance of the new hospital in Amersfoort, in order to adequately ensure the safety and continuity of the new hospital. The two companies also cooperated on the construction of the new hospital, which was delivered in September. The contract concerns preventive and corrective maintenance consisting among other things of the maintenance and/or certification of fire alarm systems, lifts and air conditioning, and also winter maintenance (de-icing). By means of this contract, the contribution to the maintenance needs of the Meander Medical Centre will be organisational as well as operational. The cooperation will be evaluated after a period of three years, after which an additional three years of maintenance may be added to the contract.

Timmerhuis Rotterdam

The Timmerhuis is a multifunctional building in the middle of Rotterdam. It concerns sustainable renovation and new-build. Sustainability is reflected at all levels. Triple insulating glass, a TES and bat boxes has resulted in the BREEAM design rating Excellent **** for sustainable buildings for the design delivered in 2013. The quality mark was achieved for all three functions in the building (offices, shops and housing). The Timmerhuis is the first multifunctional building in the Netherlands to achieve this quality mark.

Dilemmas

price and quality

As shown in the analysis of the importance of sustainability for tender awards, price is still by far the most important driver of purchases. While quality, in various capacities, is gaining ground, this does not always concern sustainable quality. This means that investments in sustainability are not always appreciated. It does not always lead to a higher margin or the winning of projects. Greater involvement of the principles of Total Cost Of Ownership could to some extent resolve this dilemma.

Qualitative and quantitative

Very few people are against sustainability, or quality improvement in the long term and reducing the impact of companies on the living environment. However, it is not at all the case that most businesses, governments or private citizens reflect the importance that they ascribe to this in actual expectations. Moreover, companies don't always manage to make clear what effect sustainability actually has on the long term, or to give the related guarantees.

Guidelines versus innovation

In situations where new products and services are applied, flexibility with regard to guidelines, legislation and tax regulation is needed. This is however not always the case, whereby innovations can become stranded. One example of this is a house that can be moved and is therefore no longer immovable property. This immediately erects barriers with respect to insurability and spatial planning procedures. Regulation, for instance with respect to the netting of energy generation, can be the main determining factor for the business models, that are being developed and the technology associated with these models.

Outlook

In view of the importance customers attach to lower energy costs and longer useful life, as well as the reduction of disturbance during construction, sustainability remains an important principle for the industry. Award criteria are increasingly based on this aspect. This will also have the effect that the construction industry will increasingly include sustainability aspects falling under these criteria in its products, and that it will introduce these features as standard. The starting points formulated in the principles of the circular economy are an important guide in this context. We expect to see further breakthroughs in energy generation and storage in future. Communication between energy systems themselves and with the environment and users will increase further. In residential properties, this will result in higher energy efficiency and a greater degree of automation. The desire to give ever better guarantees for the performance of the buildings and systems delivered will lead to the further application of systems such as 3D BIM and system engineering, in both commercial and technical terms.

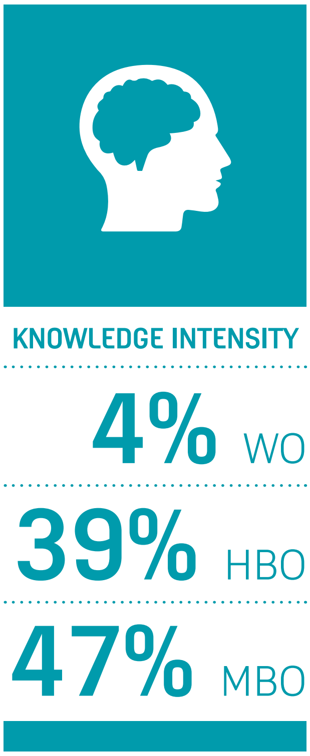
Sustainability organisation

Sustainability and corporate social responsibility are fully integrated in the Heijmans organisation and are a weekly topic of discussion in the Executive Committee. The issue of sustainability is the responsibility of the Executive Committee and thereby embedded in the primary strategy ('improvement and renewal'). This strategy is a central priority in the reporting of the business and the targets that are discussed in the semi-annual reviews.

A dedicated programme manager coordinates, monitors and directs the implementation of sustainability across the company. Sustainability and innovation are issues that were explicitly discussed in the discussions between the Executive Board and the Supervisory Board last year, as described in the report of the Supervisory Board under Activities on page 208.

Sustainable procurement policy

Heijmans purchases approximately 70% of its capital. A sustainable procurement policy is in force, focusing on guidelines and agreements as described below. In consultation with principals and contractors, Heijmans strives to limit damaging effects of our operations in the chain as far as possible and to reduce its use of natural resources. By involving our contractors in this responsibility, Heijmans contributes to improving social aspects such as working conditions and health, safety and the environment, both within our company and at our contractors and in the chains of our contractors.
The choice of a supplier or subcontractor – apart from the price – will increasingly be affected by the question of whether the party in question



PROPORTION OF WOMEN IN SENIOR POSITIONS

10.6%

2013: 9.4% ▲

contributes to the achievement of our own sustainability and innovation targets as well as those of our principals. Sustainability and innovation have thus become essential selection criteria for our procurement. Our complete sustainable procurement policy is presented in the appendix.

Preparation of the report

Scope

Heijmans operates in the Netherlands and partly in Belgium and Germany. The collection of actual data (apart from financial data) concerns only the Dutch companies. Heijmans has expressed its intention of concentrating on the Dutch market. The majority of the relevant activities are therefore covered (by far the largest part of revenue is realised in the Netherlands). Looking at the nature of the operations in the Netherlands and the operations abroad, we see no great differences with respect to sustainability. The absenteeism figures are an exception, since international figures are shown. Significant material issues outside the Netherlands will be described if applicable.

Information gathering and verification

Regular consultation between the officers involved in sustainability takes place during the year. A kick-off meeting was organised in November 2014 at which experiences were exchanged and agreements made for the new cycle. This formed the basis for the report below.

The data used originate from the various administrations, systems and databases in the Heijmans organisation, including a number of management systems and registrations of operational processes arising therefrom. Examples are Prinsys for HRM-related aspects, energy management systems, but also software such as SMILE regarding quality information and accident statistics. Information from the ERP systems, among others from SAP, BAAN IV and CODA is included, as is information originating from suppliers such as those supplying the company vehicle fleet, and from waste processing and energy companies. The environmental reporting on the asphalt plants is externally verified. Under the system of the agreement concerned, the data are submitted to the relevant authority. Lastly, there are also data originating from the certified management systems ISO 14001, ISO 9001 and VCA. In 2010, Heijmans certified all its relevant business units in accordance with ISO 14001, an international standard for environmental management that is subject to independent testing. Furthermore, the CO_2 performance certificate from SKOA was obtained for Civil and Roads (grade 5).

Although we have implemented several procedures for the reporting of incidents and we also have actually received reports of incidents, we cannot be entirely certain than every incident has been reported+.

EY has been requested to provide assurance for the non-financial data. For the exact scope, see EY's assurance report on page 208.

Reporting system

This annual reporting is based on the system of the Global Reporting Initiative (GRI). Ultimately the report is at level GRI 4 (core). The reporting on CO_2 emissions is based on the Greenhouse Gas Protocol (GHG). The data originate from consolidated data in business systems. Where this involves estimates, this is expressly stated. The choice of performance indicators is based on the social and inherent relevance and the degree to which the indicator can be influenced by the organisation. This is established in a materiality analysis. Where possible, we strive to use the terminology as used in ISO 26000.

De Efteling, Kaatsheuvel

OPERATION OF NATIONAL MILITARY MUSEUM, SOESTERBERG

25 years of involvement in the operation of the newest museum in the Netherlands

Eric Brust, operations manager, **Ciska Wedzinga,** facility manager,
Martin Schellekens, project director

Read the interview at **heijmans.nl/verhalen**

St. Jans parking garage in 's-Hertogenbosch // *Photo: Evert Klein Nagelvoort*

Vision

To improve is one of Heijmans' strategic priorities in orde to enhance quality, efficiency, knowledge and achieve good results. Heijmans improves in various ways, which break down into process-related and financial measures. In combination, these measures are part of the effort to achieve operational excellence.

Processes improvements chiefly concern the consistent use of processes within all work areas, and the associated mutual responsibilities and allocation of roles. This involves core processes such as project management, tender management, procurement and commercial processes, but also the uniformity of the function structure, whereby uniformity of job descriptions, expertise levels and competences is achieved. These measure also relate to safety, quality of delivery and customer satisfaction.

Regarding financial improvement, the management of cash flow is an important starting point. Management of working capital is crucial for project organisations in order to balance funding and cash flow. In addition, financial improvement concerns reducing failure costs, optimising efficiency by using scale benefits and standardisation of working methods.

Methods

Programme approach

By means of the LEAN6sigma quality programme, the collection of information on complaints and data analysis, and monitoring, achieving and improving the quality standards for our industry. All the various improvement tasks are managed using a programme approach. This creates a list of the issues and the potential for improvement quickly and across the company, and improvement is developed in consultation with the line management, thus creating support. Improvement is part of the portfolio of a member of the Executive Committee.

LEAN6sigma

Heijmans began implementing an improvement programme based on the LEAN6sigma methodologies in mid-2010. The aim of the programme is to improve business processes and to establish a culture of improvement in the organisation. LEAN6sigma is based on quantitative information ('measurement') and awareness of improvement in the organisation ('awareness'). The basis for improvement is continuous learning and improving in order to achieve goals. In 2014 LEAN6Sigma focused more on the LEAN methodology to further reduce the time taken to complete projects and thus strengthen the process management. The improvement actions mainly concern the strategy of 'improve the core', and then mainly tender and project management.

The projects for tender management in 2014 accordingly focused on increasing the hit rates. For project management, a LEAN approach 'LEAN planning' was introduced for various projects, including the Beta Campus in Leiden and the St. Jans parking garage in 's-Hertogenbosch. This last project was, partly as a result of this approach, delivered several months earlier than contractually agreed. LEAN techniques are used to reduce completion times and wastage for several dozen larger and smaller tender projects.

In 2014 there were a total of 80 (2013: 89) active projects of which 21 have now been completed. A total of 340 employees have now completed the 'yellow belt' training, and 20 have taken the Lean Green Belt or Black Belt training. Since 2010, a total of 1,500 employees have taken one or more courses dealing with improvement.

In 2015, LEAN6Sigma will focus further on supporting the strategic 'improve the core' programmes. This will involve sales and procurement, in addition to tender and project management. The method will therefore provide further support to the operational activities.

Standards and benchmarks

ISO: ISO 9001 (quality), and VCA** (safety) certification was obtained again in 2014, and thereby held for a further three years. ISO 14001 (environment) is also held, and will be certified again in 2015.

Prorail CO2 Performance Ladder: Heijmans has held the highest certification in the Prorail CO2 performance scale since 2010, and thus has a higher chance of success in tender procedures.
Prorail safety scale: Heijmans is certified at level 3 of the Prorail safety scale since mid-2013. This applies to the Civil business unit. Roads is certified at level 2. Improving our performance on safety will also be a high priority in the coming years.

FSC and PEFC (sustainable timber): FSC and PEFC certification shows that the timber fibres used for the product originate from responsibly managed forests, with every attention to economically cost-effective forest management whereby biodiversity is maintained, as well as attention for the people who depend on the forest. Residential Building, Non-Residential, Roads and Civil obtained FSC certification in 2015. Residential Building and Non-Residential also obtained PEFC certification in 2014. Heijmans Nederland BV will obtain FSC and PEFC certification in 2015.

Transparency benchmark: this is an annual survey of the content and quality of social reporting by Dutch companies. Based on the survey of reporting in 2013, Heijmans came 47th out of a total of 244 companies surveyed in 2014.

GRI: this reporting method is in accordance with the Sustainability Reporting Guidelines G4 (application level Core) of the Global Reporting Initiative (GRI).

Improvement dashboard

Sales

The programme for sales was started in 2013. The programme is designed to professionalise our commercial activities including account management, sales and marketing. A chief commercial officer was appointed for this in 2014, thus providing for central coordination of commercial issues. The programme is based on improving and developing business intelligence, business development, account management and the corporate marketing of the Heijmans products and services.

Tender management

Under the 'margin before volume' policy, the decisions regarding tenders and selections have been a major consideration. In addition to the substantive choice for margin, the tender management programme also provides for consistent development of processes to achieve the desired focus on sales and acquisition endeavours with the same objective, as well as the designation of 'Go/No Go' moments.
The risk categories of the projects were reviewed last year in order to focus more closely on the risk profile. After the categories for the most complex and larger works were implemented in 2013, last year the last category of projects was addressed. This category involves tools that are widely deployable. As in the previous year, an integral tender list was used with hit rates updated centrally.

The priorities for 2015 are refining the use of 'Go/No Go' moments and the implementation of tender management for smaller and regional projects.

Project management

Project management is a continuous item of attention in the realisation of the strategy. The project management programme is designed to achieve uniform processes and further accentuation of our core activities. An integral preparation, implementation and planning process has been formulated with fixed 'Go' and 'No Go' moments in the various phases as decision points. The same risk categories are used as for the other programmes. For the highest risk categories, clear project sheets and risk analysis have been implemented and standard documentation is used. In addition, follow-up measures will be taken to tighten up contract management further and the function structure has been standardised. In order to be the best construction company in the sector, learning through evaluating is also essential. Evaluation is often a hidden aspect of processes, but it is important for reducing failure costs and increasing margin. An element of the evaluations introduced concerns the implementation of proposals for improvement arising from the evaluation at the beginning of the process.

Procurement

The volume of procurement at Heijmans represents approximately 70% of its annual revenue. There is significant potential for improvement by centralising procurement and thereby achieving scale benefits, and using uniform contracts and criteria for suppliers. After the introduction of the procurement programme in 2012, the procurement organisation has been centralised and uniform product groups and coordinating product buyers have been introduced. From then on, we have worked on realising central procurement and reducing the number of partners, leading to better direction and quality. The programme was reviewed in 2014, which resulted in a number of targets. Further efforts will be made in 2015 to introduce company-wide and uniform working practices, contracts and procurement processes, the further bundling of the procurement volume in order to achieve scale benefits, and measures to professionalise the procurement organisation. Lastly, procurement will initiate cooperation with other programmes in order to achieve chain collaboration with partners and preferred suppliers. Other priorities concern increasing awareness of safety in the chain and expanding cooperation with partners and preferred suppliers in the field of sustainability and innovation.

Safety

The 'GO!' programme ('Géén Ongevallen' or No Accidents), which is designed to improve safety and awareness of safety issues among personnel, was started in 2013. The safety programme has three basic principles: The first principle is a change of attitude and behaviour with respect to safety. The second is a consistent and uniform level and impression of safety at Heijmans. The third principle is cooperation on safety on the construction sites and workplaces.

Targets and actions

The programme strives to achieve three targets that should be achieved in 2018 with the actions focusing on improving safety. Firstly no accidents, secondly being the safest construction company (IF<1) in the Netherlands and lastly increasing awareness of safety among employees so that they behave proactively with respect to safety and what is needed to achieve safe working conditions. These aims should lead to a cultural change among employees whereby the importance of safety is clear, is recognised and is propagated actively by everyone.

To achieve this change, six conduct and attitude rules have been formulated in relation to safety:

1. I am responsible for my own safety, and the safety of others
2. I take immediate action in an unsafe situation
3. I call upon my colleagues to work safely
4. I appreciate my colleagues calling me to account in a case of unsafe working
5. I report unsafe situations so that colleagues can learn from this
6. I discuss safety dilemmas with my immediate supervisor.

GO!-coaches actively propagate these rules. Various actions were taken last year in order to draw attention to these rules and encourage compliance. A safety app has been launched that employees can use to report unsafe situations. The training days for construction site employees devoted attention to safety. Supervisors are actively involved in the programme by giving presentations on the importance of safety and by arranging site visits by senior management. Lastly, awareness is raised by drawing the attention of site personnel to the six most common accidents on the shop floor by means of a film and posters.

In addition, uniformity of rules and procedures between the business units is important to improve safety. This ultimately applies not only within the organisation, but also in cooperation with partners.

Heijmans started to hang safety screens at its locations showing the current accident figures in 2014. Safety is also now a permanent agenda item for development interviews and meetings.

Governance Code for Safety

In early January 2014 Heijmans, together with 14 other organisations, signed the Governance Code for Safety. By signing this agreement, the parties agree to increase safety in the sector by collectively focusing policy on a safe working and living environment, maximising awareness of safety, good cooperation and chain integration. The signatories have set up a core group to achieve this. The core group also has the aim of propagating the principles of the Governance Code in the construction industry.

Safety figures

The trend accident index figures for Heijmans Netherlands are shown in the table below. The index figures are based on the number of accidents involving sick leave by the company's employees (including temporary employees) related to the number of hours worked.

	2010	2011	2012	2013	2014
Fatal accidents				1	2
IF	9,7	9,9	8,0	6,0	5,6
# accidents				130	120

IF: number of incidents with absenteeism of at least one day per million hours worked.

120 accidents with absence from work were registered among Heijmans' own and temporary employees in 2014 (2013: 130). The number of accidents affecting Heijmans' own and temporary employees declined significantly in both absolute and relative terms. We regret to report that there were two fatal accidents in 2014. In both cases Heijmans investigated the causes of the accidents in cooperation with the SZW (formerly the Health and Safety Inspectorate). The investigations focused on the direct causes of the accidents and the underlying causes. All employees are informed of serious accidents by means of a newsletter.

'Fit for cash'/cash management

The purpose of the 'Fit for cash' programme is to achieve structural improvements in the area of working capital. After improvement measures were formulated in 2013, these will be further implemented in the organisation in 2014 with an emphasis on the processes associated with tender management, contract management, project preparation, execution, procurement and debtor management. The improvements realised include: the guideline regarding better agreements with customers regarding invoicing and payment dates already during the tender process and later during the preparatory phase, follow-up of projects for which invoicing is behind schedule, resolving issues regarding payments faster, more frequent invoicing, and finally increased awareness of the importance of 'cash'. Fit for cash is a recurring subject at all levels at Heijmans, via performance reviews, evaluation interviews and other forms of regular consultation. In addition to continuous embedding in the operational process, further work will be done on structural improvements, training and dealing with certain priorities in 2015. These priorities are: improving order-to-cash process services, more intensive sharing of best practices, application of Fit for Cash in the tender programme and inclusion of the subject in the development interviews with all employees.

Uniform ERP platform

2013 saw the start of the roll-out of a uniform ERP (Enterprise Resource Planning) system, which enables uniform settlement of logistical, administrative and financial business processes in one company-wide management system. The aim of this implementation is to achieve uniform processes, thus increasing efficiency and general improvement. The implementation is also intended to create an overview of information. This means that real-time information from various working processes can be viewed at a glance. The system will mean that procurement is integrated in the administrative processes so that the ordering process and the liabilities administration are included in one system. The system will moreover require fewer manual adjustments, which should increase efficiency and reduce errors. The system will be rolled out in phases over the coming years, with best practices supporting the implementation and associated processes. ERP has been introduced at Roads, and was implemented at the holding company last year. In 2015 we will start with materials management, Civil and Residential Building. The other business units will follow thereafter.

Zero outstanding items

With the aim of reducing failure costs and guarantee costs, Heijmans strives to achieve zero outstanding items when delivering projects. Last year 72% of homes delivered by Heijmans were without outstanding items, whereas in 2013 this percentage was 66%. Insight was also obtained last year into the causes of various repair and other works that were carried out after delivery. This type of post-delivery cost can, on the basis of this study, be reduced further.

Customer valuation

Heijmans has been affiliated to the Stichting Klantgericht Bouwen for a number of years, which has the objective of making the performance of construction companies transparent and thereby increasing the quality of service delivered to purchasers. Buyers are surveyed after delivery of their homes.

The items measured include the clarity of the sales brochure and the estate agent, the construction phase (additional work or contract reductions), the delivery phase and the communication with the buyer. Improvement measures are introduced on the basis of the results. Targeted improvements last year included:

- National standardisation of additional or reduced work lists and of the showroom procedures.
- Design of a structural causal analysis of complaints.
- Increasing the accessibility of customer service by means of a call centre.
- Composition of a simpler technical description of homes for buyers.

In 2015 attention will be devoted on the basis of the study to better customer guidance and information during the purchase and construction phase.

Fort Vechten, Bunnik

Gerrit de Visser, manager

Remarkable that some years ago we were satisfied with 20 errors in one house

Read the interview at **heijmans.nl**

RENEW

Not consume, but generate

Van Gogh Roosegaarde bicycle path, Eindhoven-Nuenen

Renewal targets

1. In 2020 our products will generate energy, instead of using energy;
2. In 2020 our buildings, engineering structures and roads will be 100% recyclable;
3. In 2020 our properties and solutions will contribute to improved spatial quality.

We will achieve this through further opening of our expertise internally, selling our practical knowledge through licensing and concepts, concluding cooperative agreements with knowledge partners and measuring our customer satisfaction on an annual basis.

Organisation

A Chief Technology Officer (CTO) was engaged last year to ensure that innovation will receive an extra boost and additional focus in the business and will be elaborated via various cooperations, licences and patents. The CTO reports directly to the Executive Board and focuses on all sectors of Heijmans. Renewal is included in all work areas, expressed in sector-related targets that are discussed with the Executive Committee during regular reviews.

Collaboration

Innovation in construction is not only about innovative products, Chain integration and cooperation are also important for innovation. Indeed, complementary partners and specialists can expand knowledge and experience further. Moreover, cooperation with other leads to new perspectives. Through various innovations and cooperations, Heijmans is connected to organisations such as Shell (Greenway LE), BASF (Elastocoast), DSM (composites bridge A27), Studio Roosegaarde (Smart Highway), ECN (Solar Noise Barrier), Ibis Power (IRWES), Dus Architects (3D printing), ANWB (safe bicycle paths), AERspire (Heijmans ONE), Philips (test installation of Best city lighting) and Mopac (Zero Ready).

SPARK

The 'SPARK' innovation campus was started in early 2014 with the aim of further encouraging cooperation and innovation. SPARK encourages renewal in the construction industry through open innovation. SPARK focuses on innovations relating to mobility, energy, health and material applications, and involves product developers, test locations and users. SPARK is an initiative of Heijmans, the TU/e, Avans Hogeschool, the Province of Noord-Brabant and the Municipality of 's-Hertogenbosch. These partners opened the innovation campus in February, since when various knowledge meetings have been held including the regular 'Open Coffee' network meeting. Avans also held its minor programme here, various parties including the Jeroen Bosch hospital have become SPARK members and several start-ups have been started with contributions from SPARK. Other builders including Van Niftrik and Hoedemakers have become members of SPARK.

Involvement and network

Heijmans is actively involved in national and international networks in order to exchange knowledge regarding sustainability and innovation and influence developments in this field. In addition to its memberships of normal industry associations such as Bouwend Nederland and NEPROM, these include De Groene Zaak, Dutch Green Building Council, FSC and the Duurzaam Gebouwd knowledge platform. Heijmans also participates in innovation projects from the government (including TKI, KIEM, AEROII, Smart Energy Collective), it participates in the test projects of the Energiesprong and it is also involved in various Green Deals such as making the concrete chain sustainable and transparent reporting on natural capital.

Trends and impact

Singularity is a collective term for all sorts of technological changes, such as biotechnology, nanotechnology, artificial intelligence, robotics, new types of energy, space travel and 3D printing. The combination of technologies brings about renewal and leads to a radical change of behaviour. This in turn creates new challenges. Such as: how can you combine this technology in a great design? How can we make technology both beautiful and usable? The challenge for an organisation is precisely to apply the combination of technologies in such a way that an attractive design and ease of use are created.

Nominations and awards 2014

European Union Prize for Contemporary Architecture	long list	Tivoli and NMM
Dutch sustainable construction award	nominee	most sustainable construction company
green deal award	runner up award	Making the concrete chain sustainable and Business & Biodiversity
TedXBinnenhof	finalist	hydrea Thermpipe
water innovation prize	winner	composite sluice gates Wilhelminakanaal Tilburg
Young logistical talent	winner	
Innovation Boostcamp	winner	Heijmans ONE
timber innovation prize	nominee	Heijmans ONE
infratech innovation prize	nominee	composite sluice gates Wilhelminakanaal Tilburg
Nudge Leadership Challenge	participant	
De Vernufteling 2014!	nominee	Smart Highway

Smart materials

Solar Noise Barrier

The Dutch rail and road network offers enormous potential for solar noise barriers. Around 5 million square metres of noise barrier are available at locations with virtually no shadow and close by the electricity grid. To use this area for generation of solar energy, innovative technology is needed that combines the interests of road users, local residents, landscape architects, road builders and road managers and delivers a compelling business case. Last year, Heijmans concluded an agreement with partners for a test in 's-Hertogenbosch in order to establish the feasibility of this concept in 2015.

Sustainable asphalt Veghel

Sustainable Greenway LE asphalt was installed at Veghel last year. This asphalt is produced at a lower temperature (approx. 105 °C) than traditional asphalt (approx. 165 °C). Moreover, in this asphalt mix up to 60% old asphalt can be reused. By means of a unique and patented production process, Greenway LE combines the environmental benefits of a low production temperature with maximum recycling of asphalt granulate with no loss of quality. This reduces fossil fuel consumption and achieves high quality reuse of expensive building materials. During production in the asphalt plant, Greenway LE achieves a 22% reduction in energy use and greenhouse gas emissions.

Smart energy

Treco smart metering

Together with parties including Maastricht University and Stichting Smarthomes, Heijmans is working on a European research project in the field of innovative technologies that should provide a better internal climate and lower energy costs in housing: TRECO (Towards Real Energy performance and Control by predicting, monitoring, comparing and controlling). The initiative is intended partly to be able to predict actual energy use more accurately than can be achieved with the methods currently in general use.

AERspire

Heijmans is applying the technology of AERspire in the Brighthouse and ONE housing concepts housing concepts. AERspire is a solar panel integrated in a roof. This creates a more aesthetically pleasing home, since the panels are no longer installed separately, they are part of the construction.

Smart mobility

Van Gogh Roosegaarde bicycle path, Eindhoven-Nuenen

The Van Gogh-Roosegaarde bicycle path between Eindhoven and Nuenen opened in the autumn. This bicycle path consists of thousands of glittering stones that are charged with light during the day and emit light when it gets dark. The stones are lit by LED lighting in order to emit a good quality of light continuously. This technology was developed by Heijmans together with Studio Roosegaarde, with the aim of providing bicyclists with a better experience during their journeys and offer a new attraction for tourism and recreation around Eindhoven that will encourage visitors to stay longer in the region.

Smart space

Hockey pitch laying in Kyocera Stadium

At the beginning of this year, Heijmans replaced the artificial turf football pitch in the Kyocera Stadium of football club ADO Den Haag with a hockey pitch built especially for the World Championship Hockey Tournament. This enabled the World Championship Hockey Tournament to be held in this new stadium in The Hague without new accommodation being needed. Heijmans used its own invention 'drain concrete' here. This material forms a subsurface for artificial turf hockey pitches. It is light, it drains water away by means of its open structure and is cheaper than the traditional subsurface of ZOAB.

Heijmans ONE

Heijmans ONE offers a solution for two urban problems: the shortage of affordable and independent living space for starters and the vacant locations in cities that has arisen due to the financial crisis. ONE is a beautiful and complete house that can be located temporarily in vacant urban areas. It is fitted with all the necessary facilities, such as a kitchen, a bathroom, a spacious living room with atrium, a separate bedroom and its own front door and an outside terrace. Partly due to its standard-ised production, ONE is priced attractively for this target group. The first ONE house was opened on Zeeburgereiland in Amsterdam in December. A test resident was found in a Facebook campaign that will assess the house in all respects, after which a national roll-out will take place.

Hydrofit™

Drinking water pipe relining is a system whereby a shaft is used to introduce a flexible hose into an existing drinking water pipe. The hose is impregnated with synthetic resin which hardens when the water in the hose is heated. This creates a new drinking water pipe that takes over from the old pipe without this having to be excavated. This unique system is known as Hydrofit™ and is developed in a joint venture with DSM, Insituform and Waverail, together with the Limburg drinking water producer WML as development partner. Hydrofit won the Infratech Award last autumn.

CORPORATE GOVERNANCE

Reporting and transparency

Plein van Leiden

Vision

Generally speaking, corporate governance concerns five basic issues. Firstly, the strategy and the achievement of business objectives, 'strategy implementation' in the list of material issues. The next element is the effective management of the relationships between directors, supervisors and other stakeholders such as the shareholders and the Works Council, but also customers and suppliers. The third element is the corporate culture, which concerns ethical conduct within the organisation. The fourth element concerns monitoring and evaluation, in which implementation and direction are important. The final element relates to reporting and transparency in internal and external communication.

A culture of discipline and unity is an essential precondition for the improvement and renewal strategy. Heijmans endorses the importance of good corporate governance and a code of conduct in order to achieve its business objectives and associated corporate culture, and accordingly strives to apply the highest standards. This means that Heijmans complies with and respects legislation, and observes and initiates guidelines that apply either to the company in particular or the industry as a whole. Moreover, it means that Heijmans strives to achieve the highest possible integrity and transparency in its actions and decision-making towards its stakeholders, conducts a permanent dialogue with its stakeholders and has a policy of simultaneous and accessible distribution of information.

For an account of the organisation of governance and supervision at Heijmans, see the Corporate Governance Statement (as referred to in Sections 2(a) and 3 to 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports [Vaststellingsbesluit nadere voorschriften inhoud jaarverslag] and including the information required under the Decree implementing Article 10 of the Takeover Directive) which is available on the Heijmans website under the heading 'Corporate Governance'.

Corporate culture

Heijmans applies a code of conduct, known as 'the Heijmans Kr8'. This code states the eight integrity principles that Heijmans expects its employees to observe in their activities for Heijmans. Virtually all activities in the Netherlands are carried out under the name of 'Heijmans'. This promotes cooperation and integration within the company, as one of Heijmans' most important core values.

General

Heijmans places a high priority on an appropriate balance between the interests of its various stakeholders. Good business conduct, integrity, reliability, customer orientation, openness and transparent dealings by the management, as well as proper supervision thereof, are the basic principles of the Heijmans corporate governance structure. Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company.

Governance structure

The main principle of the governance structure of Heijmans is determined by the issuance of depositary receipts for shares through the Heijmans SA Trust. The purpose of this is to prevent resolutions being adopted by a shareholders meeting by means of an unrepresentative majority.
The depositary receipts for shares are freely exchangeable for ordinary shares.

Compliance with and deviations from the code

The underlying principles of the corporate governance code are endorsed by Heijmans and are implemented as such in the corporate governance structure. One of the best practices in the code is not observed:

Best-practice provision II.2.4, if options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted is made dependent on the realisation of previously set and challenging targets: an option package was granted to a former Chairman of the Executive Board in 2008 for which the vesting was not dependent on the realisation of previously set targets, it was for the provision of leadership in a turnaround process over a period of two years. In relation to the appointment term of two years, the first exercise date for the option rights was set at the end of this term. These options expire in 2015.

Corporate Governance Statement

The Corporate Governance Statement, as referred to in Sections 2(a) and 3 to 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Takeover Directive, is available on the Heijmans website under the heading 'Corporate Governance: codes, articles of associations and regulations'. This statement may be considered to have been inserted and repeated here.

Special aspects

Dividend policy

The holders of ordinary shares or depositary receipts for ordinary shares are entitled to dividend.
Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to approximately 40% of the profit from ordinary business operation after tax. The remaining 60% is added to the reserves in accordance with Article 31 sub 5 of the Articles of Association of Heijmans N.V.

Heijmans Preference Share Trust
An option has been granted to the Heijmans Preference Share Trust for the issuance of protective preference shares. The purpose of the issuance of protective preference shares is to have the opportunity and the time to satisfy ourselves of the strategic fit with an acquiring party or the intentions of a party who, through the gradual purchase of shares/depositary receipts for shares on the stock exchange, wishes to exercise influence in the Company. For further details, please refer to the report of the Heijmans Preference Share Trust on page 214 of this annual report.

Powers of the shareholders' meeting and the rights of shareholders

According to principle IV.1 of the Code, good corporate governance assumes full participation by shareholders in the decision-making at the general meeting.
The Supervisory Board and the Executive Board consider it a matter of importance that as many shareholders as possible participate in the adoption of resolutions at shareholder meetings.
The convening notice, agenda and documentation to be dealt with at shareholder meetings will be published at least 42 days in advance of the meeting on the Company's website. As far as possible, the Company gives shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

Holders of shares or depositary receipts for shares who cannot attend the Meeting of Shareholders can issue an authorisation and voting instruction to a third party designated by the Company which will vote in accordance with the voting instruction.

Under the Heijmans Articles of Association, resolutions by the Executive Board that concern a significant change to the identity or character of the Company or its business are subject to approval by a shareholder meeting.
The Shareholders' Meeting also has a number of other important powers, including the adoption of the financial statements, the appropriation of the result, the discharge of responsibility of the members of the Executive Board and the Supervisory Board, the establishment of the remuneration policy for the Executive Board and the remuneration of the supervisory directors, resolutions to amend the Articles of Association or to dissolve the Company, and designation of the Executive Board as the body authorised to repurchase or issue shares.

Limitation on transfer of shares

There is no limitation, under contract or in the Articles of Association, on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the statutory restriction of transfer and delivery of financing B preference shares.
Article 11 of the Company's Articles of Association states that the Executive Board of the Company must approve any transfer of financing B preference shares.

Substantial shareholdings in Heijmans

Holders of shares and depositary receipts for shares who, to the extent the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2014 (according to the Register of Substantial Shareholdings of the Authority for the Financial Markets, or 'AFM') are listed on page 48.26 cm the section entitled 'The Heijmans Share'.

Protective measures (special controlling rights, limitation of voting rights)

There are no special controlling rights attached to the shares into which the Company's capital is divided. The Company does not have any employee participation plan or employee share option plan. There are no limitations on the exercise of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares. The number of votes conferred by a financing B preference share with a nominal value of €0.21 is restricted under contract to 1.278 votes. The Company's Articles of Association contain the usual provisions concerning registration as a recognised party entitled to attend and to vote at a General Meeting of Shareholders.
Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as a body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is stipulated by the General Meeting of Shareholders.

Agreements with shareholders that may lead to limitation of transfer of shares or depositary receipts for shares or the limitation of voting rights

The Company is not aware of any agreement involving a shareholder that may result in a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights.

Amendment of the Articles of Association

A resolution to amend the Articles of Association can only be made by at least a two-thirds majority of votes cast at a General Meeting, this majority representing at least half the issued capital, unless the proposal for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board.
If a proposal for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the resolution can then be made by absolute majority of the votes, regardless of the capital represented. The Company will discuss the content of a proposal to amend its Articles of Association with Euronext Amsterdam N.V. before submitting this proposal to the General Meeting of Shareholders.

Authority of the Executive Board with regard to the repurchase and issuance of shares

In accordance with the Articles of Association, on 16 April 2014 the General Meeting of Shareholders, with the approval of the Supervisory Board, designated the Executive Board for the duration of 18 months commencing on 16 April 2014 as the body authorised to:

- issue shares and/or grant rights to acquire shares. The power to issue ordinary shares and financing B preference shares is limited to 10% of the issued share capital on the date of issue, plus 10% if the issue takes place as part of a merger or takeover and/or as part of the financing of a purchase of financing preference shares B. The power to decide to issue preference shares covers all preference shares in the authorised capital, either now (the date of the meeting of 16 April 2014) or at some future time,

without prejudice to the provisions of Article 6 of the Articles of Association; and
- limit or exclude the pre-emptive right to ordinary and financing B preference shares in the event that these shares are issued making use of the right to acquire shares reported above.

Furthermore, the Executive Board is authorised by the General Meeting of Shareholders of 16 April 2014 for a period of 18 months starting on 16 April 2014, subject to the approval of the Supervisory Board, to decide that the Company will acquire ordinary and financing preference shares B in its own capital by purchase in the market or by other means. The following applies here:
- the authorisation regarding the acquisition of ordinary shares is limited to 10% of the share capital placed in the form of ordinary shares and is subject to the condition that the ordinary shares can be acquired by the Company at a price between face value and 110% of the average closing price over the last five trading days preceding the day of purchase. The term 'ordinary shares' includes depositary receipts for ordinary shares.
- the authorisation regarding the acquisition of financing preference shares B is limited to 40% of the share capital placed in the form of financing preference shares B and subject to the condition that the financing preference shares B can be acquired by the Company at a price between face value and 110% of the issue price of the financing preference shares B. In the event that financing preference shares B are acquired under this authorisation, they will be cancelled after acquisition in accordance with the relevant regulations.

Consequences of a public bid for important contracts

In the agreement with the banking consortium, a change-of-control clause is included with respect to the facility of €250 million, which states that the consortium must be informed about any change of control, and must then have the option of demanding premature repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

Payments to members of the Executive Board on termination of employment in relation to a public bid

There are no agreements with Executive Board members or employees that provide for remuneration upon termination of service resulting from a public bid.

CONDUCT, INTEGRITY AND DILEMMAS

Culture and structure

Foundation works, Berne (D)

Culture and structure

Heijmans attaches a high priority to ethical conduct by its employees. Openness is a basic requirement for this conduct standard. A more open working attitude is encouraged by – among other things – the example set by the management and directors, the discussion of large and complex works in the weekly Executive Committee meeting, and the review meetings with management and the Executive Committee. In addition to this culture, Heijmans has a structure in place in which reporting, investigation and action can be undertaken with respect to conduct and integrity issues.

Compliance Officer

Heijmans has appointed a Compliance Officer who acts as the central contact and reporting point for integrity issues. The anonymity of notifications is ensured and the compliance officer considers, for each individual case, the action that is necessary, given the nature of the issue and the applicable rules. In many cases, issues are resolved on the shop floor, for instance in consultation between the employee and their supervisor; however this is not always the case.

Integrity Committee

The Integrity Committee discusses issues, dilemmas and themes relating to integrity and all matters associated therewith twice a year, and makes recommendations on this basis for policy or the initiation of training, for example. The committee is chaired by the CEO. The other members are the Compliance Officer, the Director of Communication, the chairman of the Works Council and a representative of the business flow. As an external expert, Prof. Dr. E.J.J.M. Kimman is also a member of the Committee. Last year, the items discussed by the Integrity Committee included the operation of the 'Kr8 of Heijmans' code of conduct, anonymous reports to the confidential counsellors, and the composition of the Integrity Committee. The Committee takes the view that the core members of the Committee should in any case consist of the Chairman of the Executive Board, the director of Procurement, the Compliance Officer, the chairman of the Central Works Council and an external expert. This composition will be put in place with effect from 2015.
The Committee also reviewed how the reporting structure within Heijmans can be improved.

One of the conclusions was that the possibility of making reports anonymously could lead to improvement. At the end of 2014, after obtaining the approval of the Central Works Council, it was decided that anonymous reporting would be implemented and made possible starting from 2015.

Conduct dilemmas

Heijmans is convinced that conduct has a significant effect on the quality of the company's work and its result. For instance, conduct affects safety. This is the difference between day and night in the construction industry. In 2014 the focus on the 'GO!' (No Accidents) programme (that had been started in 2013) continued with the aim of raising awareness of the importance of safety throughout the company and of bringing about a change of behaviour.

Some frequently occurring dilemmas are:

Should you call someone to account or not?

Of course it is not always clear whether certain behaviour is acceptable or not. Heijmans continually faces issues relating to integrity and behaviour. Calling each other to account, in the case of undesirable conduct in accordance with the standards we strive to maintain, encourages increased openness and ultimately desirable behaviour. Examples include issues involving the wearing of safety clothing and the separation of waste at building sites, or the intentional submission of incorrect receipts and the use of company property for personal purposes.

Acceptable versus unacceptable behaviour

The borderline between acceptable and unacceptable behaviour is sometimes difficult to define, but it is crucial for the culture on the shop floor. For example, incorrect behaviour towards others.

Self-determined rules versus applicable rules

While the rules regarding actions and desirable behaviour are described in the conduct code, there are still some situations in which unstated and different rules are simply common sense. This can apply to the submission of invoices, payments or the use of company equipment. For new employees, it can be difficult in such an environment to go against the flow and to remind colleagues of the rules that actually apply.

Many of the issues reported relate to the above examples of conduct and dilemmas.

Compliance

Four integrity issues were reported to the compliance officer and/or the counsellors in 2014. In three cases this led to termination of the employment agreement, and in one case to a written warning. In each case, the first consideration is the seriousness of the case, followed by an investigation of the facts. All reports are evaluated with those involved by the management and the Executive Board. The reports concerned intrusion into the personal life of colleagues, theft of company property and the submission of incorrect invoices.

Integrity and conduct

Integrity and conduct are established in a number of rules and guidelines:
Integrity-sensitive positions: a procedure for integrity-sensitive positions applies at Heijmans. Integrity-sensitive positions include members of the Executive Board, members of the Executive Committee, directors of operating companies, project directors, directors of staff services, property developers, development managers, company lawyers and procurement managers. The procedure for the screening of employees is also established. On the basis of this procedure, employees in an integrity-sensitive position - and applicants applying for such a position - are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Conduct.
Reviews: integrity issues are discussed by the Executive Board and shared in management teams (on an anonymous basis). The Integrity Committee monitors that notifications and issues are translated into appropriate policy.
The 'Kr8 van Heijmans' conduct code: under the motto 'an issue of character', the desired conduct is established in the Heijmans Code of Conduct. The Code deals with matters such as safety, integrity and competition, and obliges Heijmans employees to act and behave in accordance with its provisions. A sanctions policy is linked to the Code of Conduct. Managers are required to set an example by their personal conduct. The conduct code is an integral part of the employment agreement with permanent and temporary personnel, as well as self-employed persons with whom Heijmans works. Integrity is a standard subject of discussion in employment interviews and introduction programmes, and is included as a standard competence in the development interview form.
In order to encourage integrity in project development, Heijmans Property Development set up a **Transaction Register** in accordance with the Neprom Code of Conduct in 2009, as a supplement to its quality management system and the Heijmans Code of

Conduct. The relevant details of every business-to-business property transaction are investigated in advance and recorded and documented in the Transaction Register, enabling subsequent checks to be made for correctness, integrity and lawfulness of such transactions.
Procurement: partners and suppliers are obliged to sign a sustainability declaration that includes rules with respect to improving social aspects, working conditions and health, safety and the environment.

Observance

A number of counsellors have been appointed for the business units and at holding company level for the purpose of observance and implementation of the Code of Conduct. These counsellors can give advice regarding dilemmas encountered by employees in the course of their daily activities. For many years now, Heijmans has required its suppliers and sub-contractors to endorse the code of conduct of Heijmans, Bouwend Nederland and NEPROM or a code for their own specific industry. Heijmans' subsidiaries, associates and joint ventures are included on the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with these breaches, are reported to the SBIB.

Additional and separate regulations

In some cases, values from the Code of Conduct have been established in additional and separate regulations:

File statement
The Heijmans Code of Conduct is also further elaborated in the so-called file statement. This statement is required with every bid issued. It consists of an explicit statement by the responsible management that no anti-competitive practices have been involved in the preparation of the tender or quotation.

Reporting procedure for integrity and abuses
For those situations where it is difficult or impossible to find a solution within the scope of daily workplace activities, Heijmans has previously introduced a reporting procedure which states the steps to be taken when submitting a report of an abuse. It also describes how such reports are investigated, and defines the role of management in the event that a report is submitted. The reporting procedure offers employees the possibility of reporting an abuse orally or in writing to the central reporting point (the compliance officer) or a counsellor, without endangering their employment law position.

Insider Trading Regulations of Heijmans N.V.
These regulations are introduced in order to comply with the Financial Supervision Act (Wft), and contain provisions that apply to the officers stated in the Act and other Heijmans employees.

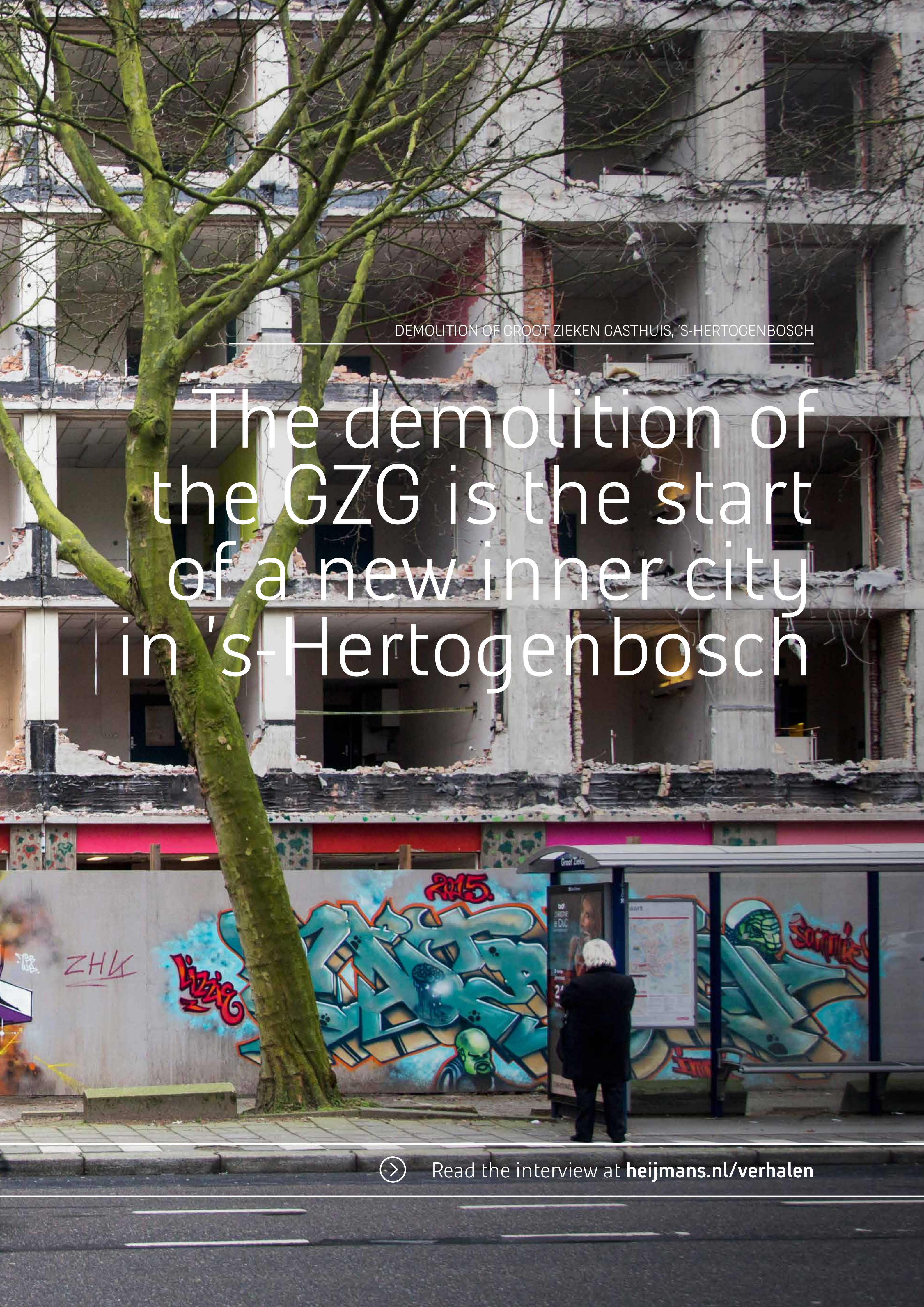
Regulations applying to personal investments
There are regulations applying to personal investments by members of the Executive Board and the Supervisory Board. The Chairman of the Executive Board is the compliance officer for transactions in shares, depositary receipts for and options on shares. The Chairman of the Supervisory Board acts as compliance officer for the Chairman of the Executive Board.

The Human Environment & Transport Inspectorate
In early 2014 Heijmans was the first contractor to sign an agreement of intent with the Human Environment & Transport Inspectorate (the IL&T) to conclude a compliance agreement with respect to the enforcement of the (very extensive) regulation that falls under the remit of the IL&T. Heijmans already has such an agreement in place with regard to the Driving Times Decree. IL&T supervises enforcement of the regulations for several so-called domains, including soil, transport and dangerous materials). A compliance agreement introduces horizontal supervision on the basis of which Heijmans is expected to report deviations on its own initiative, take preventive measures and report annually to IL&T. Within Heijmans, the IL&T domains mainly cover the activities of Infra.

Harwil de Jonge, director Heijmans Property Development

Photo: Sandra Peerenboom

The demolition of the GZG is the start of a new inner city in 's-Hertogenbosch



Read the interview at **heijmans.nl/verhalen**

RISK MANAGEMENT

Identification and management

Heijmans ONE, Amsterdam

Doing business in the construction and property sector involves risks. In principle, there can be no competitive advantage, and therefore no return, without risks. The operating margins in the industry and at Heijmans are currently low, and are below the strategic target levels which are needed to operate profitably. This underlines the importance of risk management. It is thus an essential duty of the management to make well-considered decisions with respect to the risks the company wishes to incur, and how these risks are managed.

The markets in which Heijmans operates have contracted sharply in recent years. Competition is intense and pressure on margins has increased. In addition, new types of contract such as DBFMO have been introduced, which have added responsibilities to the risk domain of contractors such as Heijmans.
At the same time, this development offers strategic opportunities for adding value. Heijmans aims to achieve this, on the basis of its knowledge, expertise and innovative strengths, by leading the way in the offering of integrated sustainable and socially relevant solutions to customers and users. For Heijmans, the only way to maintain a sustainable position in this market is to add value.
Given these developments, Heijmans has to devote continuing attention to improving its core activities and processes with respect to tender and project management, further reducing its failure costs, strengthening the effectiveness of its sales force, using its position of strength in procurement, and striving to increase efficiency. This strategy should lead to healthy margins and sufficient flexibility, in order to be able to continue to invest in knowledge, expertise and innovation.

Adequate risk management is one of the aspects that is crucial for the company's development. The starting point for Heijmans with respect to risk management is the timely identification and monitoring of significant opportunities and risks in a structured and integrated manner. The aim is to deal with uncertainties and threats effectively, proactively and through mitigation, but also to make the best use of opportunities. The market conditions we describe also imply that the level and scope of risk management have to be developed accordingly.

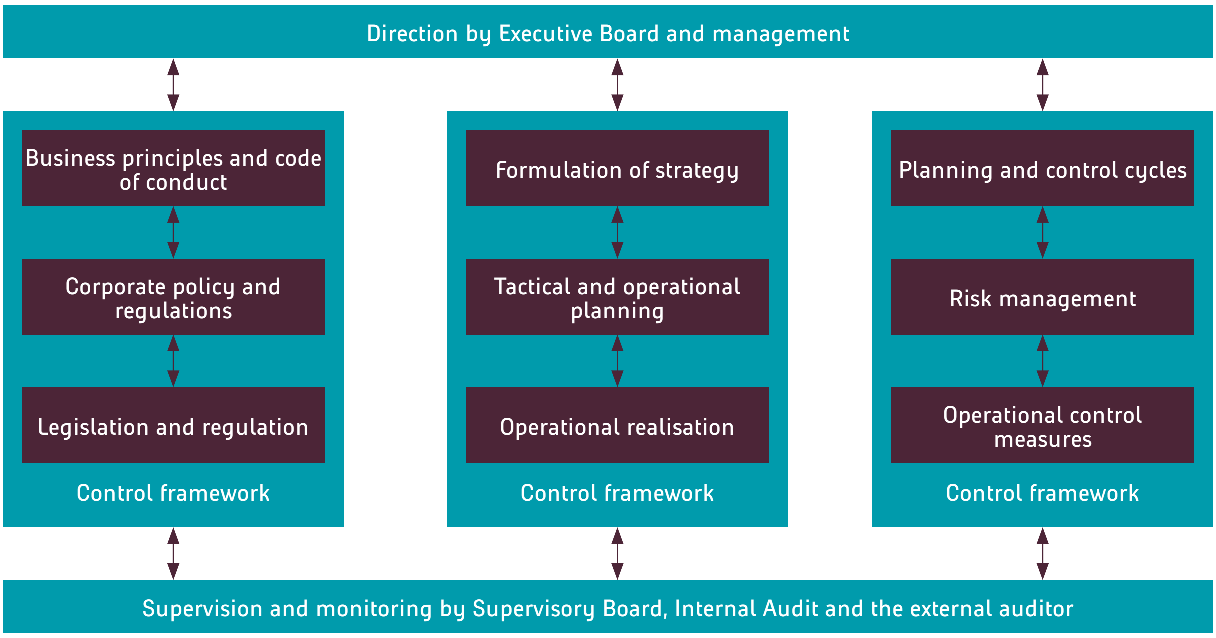
Heijmans employs a management model that features centrally organised operating companies with short lines of communication to the Executive Board. Most support functions are centrally organised and fall directly under the group management. This applies for instance to IT, HR, Procurement, Materials Management and Housing. In order to adequately manage risks, it is important to ensure that an awareness of risk is embedded throughout the organisation. Heijmans strives to achieve this by creating an open and transparent corporate culture. The monitoring and further improvement of this corporate culture requires the continuing attention of the management.

Risk management was a high-priority item on the management's agenda during the reporting year. This section describes the main activities and results in 2014 with respect to risk management, and lists the main priorities for 2015. The risk section also describes the main items of attention in the management letter from the external auditor.

The various elements in the internal risk management and control system at Heijmans are shown in diagram form in the figure below.

Important aspects in the control framework are:

- Management regulations and instructions for the management of operating companies/business units. These regulations and instructions define the authorities and the framework within which management operates, and address such matters as contracting for projects, making investment commitments and reporting obligations and accountabilities;
- Code of conduct: the conduct desired of Heijmans employees is established in a code of conduct under the slogan "the power of Heijmans, a matter of character" [the kr8 (power)]. Important themes in the code of conduct are safety, integrity and competition; and
- An accounting manual that prescribes the internal and external financial reporting principles to be applied and the procedures to be followed for this purpose.
- business process systems that include a structure for the primary and secondary processes of building and property development activities, including risk management systems enabling project-related risks to be identified and managed. The aim here is to achieve uniformity of processes throughout the group;



The control mechanisms at Heijmans include the following:

- A planning and control cycle, with periodic reporting by operational management on, for example, the trends in relevant markets, the financial state of affairs relative to the budget, and the financial and operational status of projects and safety;
- Regular project reviews, also often referred to as 'work in progress meetings', in which the development of projects is discussed and evaluated on the basis of fixed formats; regular review meetings between the responsible operational management and the group management;
- Monitoring of developments in the liquidity position of group elements and specific projects with various tools and frequencies; and
- Company-wide risk management process audits, designed firstly to establish whether control measures are adequately observed in the context of project-specific risks, and secondly to control other company-wide risks. Central organisation and coordination with feedback and follow-up primarily at business-flow level;

See the section Risk Areas (Operational Risk) for a description of some of the other control measures in force.

Risk management in 2014

A number of items of attention in relation to risk management for the coming years were formulated in the 2013 annual report. The following measures and actions were taken in this context in 2014.

There is an increase in complex and often integrated projects, with the market (the contractors) increasingly being assigned additional responsibilities. These additional responsibilities concern design, the obtaining of licences, environmental management and verification of the delivery quality. The themes relating to the management of large projects mainly concern Infra and Non-Residential. Various measures have been introduced to adjust risk management to this situation, and in most cases to intensify it. The management of large projects is an issue that receives extensive attention from the Executive Board. Projects in the higher risk categories are thus submitted to the group management as a matter of course, usually in interactive reviews. Despite the fact that progress has already been made here, there are and will be new and additional improvements to the tender and project preparation processes, such as:

- A different way of factoring in and managing design and design management costs;
- More independent challenging/reflection of the design in the tender phase;
- Changes to the management of the design and preparation process;
- Tightening up contract management, including encouraging timely escalation of any problems to principals;
- Review of projects in the start-up phase with Executive Board/group management;
- Extra attention to the transition from the tender phase to the preparation/execution phase;
- Reducing the number of matrix organised elements in the project management.
- Strict management and documentation of Go/No Go moments.

Some of these measures have already been implemented in the large projects started in 2014. Improvements are already visible at Non-Residential, and to a limited extent at Infra. The measures taken should contribute to a further improvement in the result and project results in future years.

Much attention was again devoted to improving the company's working capital and cash management by means of the "Fit for Cash" programme in 2014. In this context, the organisation focused closely on aspects such as adequate and timely invoicing (for example for services), strict debtor management and terms of payment in contracts.

A new risk and audit manager for the group was appointed in spring 2014, with the aim of bringing the internal audit programme to a higher level. The activities in 2014 mainly focused on the alignment of risk management audits on the basis of the 'improve the core' programme and the design of a uniform reporting format. Although there is a temptation to widen the scope, the focus in the short term is on initiating and realising adequate operationally-designed audits, including feedback to the relevant management.

During 2014 we made further progress on managing based on the basis of the changed tender management process in which essential elements are: the classification of tenders into standard risk categories, standardised documentation and choices in the decision-making process (Go/No Go moments), the involvement of a contract manager in the evaluation of a contract and the identification of risks, as well as working with a central tender list whereby awareness of current tenders has been significantly improved. After the implementation of an improved and uniform tender management process in 2013, a start was made in 2014 with the implementation of a uniform project management process. The underlying business processes have also been aligned accordingly. In the coming years, we will continue to prioritise the improvement of project management throughout the organisation, whereby one of the essential points is the explicit management of Go/No Go moments in between the various phases of a project.

The roll-out of a new ERP system at Roads took place in early 2014. This happened without any disruptions to the business worthy of mention. Based on these positive experiences, the other business units, at least in the Netherlands, will migrate to the new system. The new platform should ensure that the supporting processes are modernised, control of and efficiency of the processes will be further improved, administrations will be further centralised and operational support will be improved. With the implementation of the system, attention will also be devoted to a number of specific aspects in the context of risk management, such as the establishment of obligations, the management of authorisations and the systematic application of automated controls.

The company-wide risk management audits continued in 2014, with specific attention to the management of project risks during the acquisition and preparatory phase. In addition, a permanent element of these audits is attention to compliance with the Foreign Nationals (Employment) Act and the risks in relation to chain and recipients' liability, despite the fact that the legislation regarding identification of workers from the EER countries has been eased.

With the "GO!" programme (No Accidents) Heijmans has devoted permanent and extensive attention to the behaviour and conduct with regard to safety during the past year. Despite the occurrence of a number of serious incidents, including two fatal accidents, the underlying figures have improved. Safety will continue to be an important theme in 2015.

In the past year much attention was devoted to the role of project administrators and project controllers by arranging courses and encouraging job rotation. We want to further study the financial aspects, in order to be able to take a stronger position at the front end of the process (project acquisition and project preparation).

Other actions and measures in 2014 included the following:

Last year the payment system in the Netherlands was transferred to Power to Pay. This increased the security of the payments traffic and significantly reduced the number of manual payments.

In early 2015 an agreement was reached with the Tax & Customs Administration whereby horizontal supervision for Heijmans has become a reality. Prior to the approval of the Tax & Customs Administration, various audits were carried out with good results.

Work continued to ensure good insight and management of the property and land holdings in 2014. Regular analysis is made of the development potential and/or value development of the strategic land holdings and the areas included in land exploitation, including the associated funding. Attention is also devoted to information on, and the potential earnings from, the plan costs that had been incurred and that form part of the reported value of property holdings. The net capital invested by Property Development declined for the first time in 2014, despite our meeting a number of investment commitments, partly because Property Development succeeded in divesting some positions or convert them to property development.
Both from the point of view of management of financial resources and as part of its strategy, the Executive Board strives to reduce the amount of capital invested in property.

Several specific initiatives were developed during the reporting year in order to strengthen the company's financial position:
- €212 million of the committed bank facility has, in consultation with the banking syndicate, been extended to 31 March 2017. The size of the facility accordingly is €250 million until 31 March 2015, €230 million until 31 March 2016 and €212 million until 31 March 2017.
- The cooperation with 3i Investments plc for the funding of DBFMO (design, build, finance, maintain, operate) projects has been developed further. The joint venture is designed to share the risk-bearing capital and know-how that is needed for DBFMO projects, starting from the tender phase. The joint venture Heijmans Capital B.V. (80% 3i Investments plc, 20% Heijmans) is now involved in the funding of the projects NMM Soesterberg, A12 Veenendaal-Ede-Grijsoord, IXAS A9 and RIVM Utrecht.

- Certain divestments have also contributed to improving the capital requirement.

Lastly, additional agreements were made with the banking group in early 2015 regarding the content and definition of financial covenants for the covenant test in mid-2015. It has been agreed that the financial results of the Energiefabriek Tilburg project will not be included in the covenant test. Partly due to these new agreements, the company expects to be able to operate within the financial covenants in the coming year.

The management of the non-Dutch business units has been further intensified and strengthened. These business units have also been closely involved in the "Fit for Cash" programme. Cooperation is also taking place between the Dutch, German and Belgian business units and also between the units outside the Netherlands themselves.

In general, with respect to 2014 one can conclude that the proposed measures were actually implemented. Although this is not yet visible in the financial results, we are convinced that in due course the measures will contribute to the company's results, which is also necessary. Risk management is a high priority regarding the development of the result, especially at Infra Netherlands and specifically on the larger projects. Although more or less all the risks that occurred were identified (as threats) their actual seriousness was greater than estimated. The same applies to the way in which the Cables and Pipe-laying activities developed in 2013-2014. Measures have been taken or will be implemented in 2015. The fact that the margin profile of projects recently taken on is more favourable is a positive development. The themes for the management of large projects are similar at Non-Residential, although the bandwidths are narrower.
The reorganisations at Residential in recent years have borne fruit, meaning that a period of relatively low production could be bridged. Production has been increasing since the second half of 2014. The order book is also good, meaning a better ratio between volume and return can be achieved. Continuing the quality effort already made and improving the return at such time as volume starts to increase again is an important focus. After a number of difficult years, the capital invested in property has declined for the first time due to both the divestment of positions and the conversion of land holdings into property development, despite the fact that limited investments in land holdings had to be made on the basis of existing commitments. The valuation of the current positions obviously forms a relevant component in the potential result in the future. The developments in the housing market are, in principle, positive for this potential (less social housing, more free-sector rental and purchase) although the movement to lower loan-to-values over time is slowing this process to some extent.
The management environment of the businesses in Germany and Belgium was positive in 2014. Measures did, however, have to be taken at the businesses in both countries to cope with lower market volumes in the Infra sector. The financial function at Oevermann has been strengthened.

The focus of risk management remains centred on the management of projects. Progress was difficult for several larger projects in 2014, and we cannot exclude the possibility that the financial impact of known risks will turn out to be more negative. Specifically, this applies to the Energiefabriek Tilburg and A4 Delft-Schiedam projects. . While a project-driven business such as Heijmans may have loss-making projects, the aim is to reduce their number and effect. Against this background, we will continue our efforts to improve the tender and project management and the procurement process ('improve the core') as vigorously as ever. The continuing attention to, and efforts in the context of, the 'Fit for Cash' programme led to positive results in 2014, and will be continued with the same degree of vigour. Estimates are an inherent feature of project valuations, as is the fact that Heijmans is involved in negotiations and discussions of the financial settlement of projects, such as extra work or reduced work, claims and penalties, delivery times and the level of quality of the work. It may turn out at a later stage that actual results differ from the estimates.

Partly in view of the above, the Executive Board can state that the risk management and control systems have generally operated adequately, with additional efforts being required for the management of certain large Infra projects in the Netherlands, specifically the Energiefabriek Tilburg project, and that the internal risk management and control systems provide a reasonable degree of certainty that the financial reporting as presented in the 2014 financial statements (pages 111 to 198) do not contain any material misstatements. It is not possible to provide absolute assurance, however. Heijmans is unable to guarantee that material misstatements, fraud or violations of legal requirements cannot occur.

The optimisation and monitoring of the proper functioning of the internal risk management and control systems remains an important area of focus for the

Executive Board. The Executive Board discussed the structure and the functioning of the internal risk management and control systems with the Audit Committee and the entire Supervisory Board frequently and intensively during the year.

No issues relating to integrity that affect the risk profile occurred during the reporting year.

Focus of risk management in 2015

Many of the items of attention and actions from previous years will be followed up in 2014, with the addition of certain other actions and/or measures.

In practice, this means:

- Risk management with respect to complex projects in all segments will be intensified with extra attention from the Executive Board, the risk and audit officer and corporate control;
- Extra attention will be paid to large, complex projects during the start-up phase. Specifically, this concerns the three DBFMO projects acquired in 2014;
- New improvements will take place with respect to tender processes and the preparation phase for projects for the purpose of management of large Infra projects and to a lesser extent Non-Residential projects;
- Intensive monitoring and management of liquidity in relation to realisation of the intended improvements to profitability will be achieved;
- Continuation of the “Fit for cash” programme will be assured;
- Continuation of the implementation of the 'improve the core' programme with respect to tender management, project management, procurement and sales will take place;
- Continuation of the GO! safety programme will take place;
- Follow-up measures will be implemented with respect to the roll-out of the new ERP platform, initially for the business units in the Netherlands;
- Intensifying of audits, initiated by the risk and audit officer will be implemented;
- Continued strengthening of the role of project administrators and project controllers will take place;
- Continued attention will be paid to the observance of control measures with respect to illegal labour/WKA, with additional attention to observance by sub-contractors of statutory requirements regarding pay and working conditions for the workforce.

Risk areas

Market risk

Heijmans generates income through the performance of various types of activity, mainly in the Netherlands. The operations in Belgium and Germany mainly concern infrastructure.

Economic conditions determine, to a large extent, the revenue levels of building and property development activities. This applies less to the infra activities, although government spending in the Netherlands, Germany and Belgium are under pressure due to further austerity measures by local authorities. The total government budget for infrastructure (roads, railways, shipping and water safety) will decline, particularly in 2015 and 2016, with the cuts coming mainly on motorway works and local infrastructure. The infrastructure investments by lower-tier government bodies and businesses will also decline further in the coming years. A modest recovery is expected in the medium to longer term.

With its activities in the areas of Property Development and Residential Building, Heijmans' results are to an important extent dependent on developments in the housing market.
The private housing market showed a clear recovery in 2014. The current expectation is that the recovery will continue in 2015. This greatly depends on the economic conditions at least remaining the same or improving. Volumes are however still substantially below pre-crisis levels. The government policy pursued since the autumn of 2012 appears to be working; dealing with the occupation of social housing by people with higher incomes in combination with the further reduction of mortgage interest rates has led to more market operation in all segments of the housing market. Mortgage debt is historically low, which also supports the market. Despite the stricter regulation regarding aspects such as the loan-to-value ratio, the market can improve further.

Regarding non-residential building, we also expect to see a moderate recovery in the coming years. However, competition in this market is intense, and price pressure is expected to continue.

The procurement market was relatively favourable in 2014, as it was in 2013. This may change rapidly if the economy recovers, and Heijmans could have to deal with higher prices.
With regard to rising raw materials prices, the Company's policy is to hedge this risk as quickly as

possible once projects have been accepted. However this is not possible, or entirely possible, in all cases. It is also debatable whether – once the procurement market turns – higher prices can be directly passed on in the form of higher contractual amounts.

Despite the fact that the first signs of recovery are visible, the construction sector may contract further in the short term, leading to further bankruptcies and competitive outsourcing prices. There were fewer situations involving the financial collapse of partners, sub-contractors and suppliers in 2014 than in the previous year. It is still important to keep a keen eye on the quality and continuity of our partners and sub-contractors.

Further details of the market conditions is given on page 25 of this report.

Operational risk

Operational risk concerns project development activities and building activities in the context of residential building, non-residential building and infrastructure works. The most important and risk-determining components of the primary process are the tendering approach, the proposal process, the procurement process and project and contract management. There is a large variety of contracting forms, generally involving - to a certain degree - a fixed price. Errors in design and/or calculation and differences of interpretation regarding design liability can therefore have a negative impact on building costs and consequently result in project losses and negative cash flows. The increasing complexity of projects in combination with the increasing incidence of litigation for the company, together with the sometimes problematic development of good commissioning practice, form a risk factor with regard to the financial settlement of contracts. The lengthy period of economic crisis has exacerbated this development. Furthermore, this can result in significant (financial) liabilities. This was the case for us at Infra with the De Energiefabriek project last year. The trend whereby principals are placing (design) liability on contractors, has been underway for some years, and this did not change in 2014.

The following measures have been implemented for the management of operational risk in addition to the general control measures stated above, in most cases relating to the management of project-related risks:

- Development projects will only be initiated once a substantial percentage of the homes put up for sale have been sold and the buyer has secured the finance;
- Construction on commercial property development projects will only commence once the property to be built has been sold (with limited rent guarantees) or has been largely leased;
- Long-term commitments and major investments in property, plant and equipment, and land positions will require the approval of the Executive Board;
- A central procurement policy is being implemented to optimise Heijmans' procurement strength, ensure the required quality, and mitigate price and delivery risks;
- Specific attention will be paid to the financial position of partners, sub-contractors and suppliers;
- Risks are insured. The most important insurance policies are the construction all-risk insurance for project execution risks, the corporate liability insurance for general liability risks and the professional liability insurance for liability risks arising from construction design and consultancy. There is a stratified approval procedure with regard to larger and/or complex projects whereby the largest and most complex projects require the specific approval of the Executive Board;
- for the alignment of interests or the obtaining of knowledge and expertise, projects are sometimes acquired and executed in cooperation with partners;
- In the preparatory phase, risk evaluations of projects to be contracted are made (legal, technical, financial, safety, logistics, scheduling, environmental factors);
- For larger projects, we work with bandwidths with regard to the expected result per project enabling developments to be followed more closely, including opportunities and risks that may arise;
- Intensive involvement of critical functional disciplines takes place in the management of risks before and during execution. This mainly concerns the legal, purchasing and financial functions.
- Any extra work on assignments is only carried out after agreement has been reached with the principal, unless the contract or regulation stipulates otherwise;
- Regular project reviews with a layered structure are carried out, whereby larger and/or more complex projects are reviewed by the Executive Board and the Executive Committee.

Financial risks

Financial risk concerns financing risk, liquidity risk and credit, interest rate and currency risks, as well as risks associated with financial valuations. Financing risk is the risk that the continuity of the Group's activities can no longer be assured due to the possible lack of adequate finance at any given moment. The company has committed bank facilities available, most of which were extended in 2014 to run until the end of March 2017. Important preconditions in this regard are the need to comply with a leverage ratio (ratio of net debt to EBITDA) and an interest coverage ratio (ratio of EBITDA to net interest charges). Heijmans met these conditions as per 31 December 2014.

Partly due to the financial effect of the Energiefabriek Tilburg project on the EBITDA, the difference compared to the minimum interest rate coverage ratio as at the end of December 2014 was very limited. Additional agreements were made with the banking group in early 2015 regarding the content and definition of financial covenants for the covenant test in mid-2015. It has been agreed that the financial results of the Energiefabriek Tilburg project will not be included in the calculation of EBITDA for both covenants. While certain risk factors, including market risk (whether the recovery in the housing market actually continues in 2015 and the years thereafter), the development of working capital, and the general development of the result for Heijmans, mean that failure to meet the preconditions cannot be ruled out, Heijmans expects, apart from unforeseen circumstances, that it will be able to operate within the financial covenants in 2015, also in view of the amendments to the agreements with the banks. In addition to bank facilities that can be used to draw down funds, there are sufficient guarantee lines available.

The Executive Board expects the banks to continue to be reluctant to provide financing for the whole building chain.
There is however increasing interest from institutional investors and also private and foreign investors with regard to investing in the Dutch housing market. We expect sufficient liquidity to be available for the funding of DBFMO contracts in the coming years.
Liquidity risk exists when the financing requirement at any time is greater than the remaining credit facilities available to the Company. The financing requirement does increase at certain times in the year, This is partly due to seasonal effects and partly due to normal fluctuations in the working capital, which changes along with construction volume. To manage this risk, liquidity forecasts are prepared on a regular basis These forecasts relate future needs to available financial resources, in order to facilitate timely intervention to resolve any difficulties that may arise. The development of the liquidity position is monitored closely by means of daily and weekly reporting. For DBFMO projects, project funding is in principle available for these projects in relation to the initial project planning in combination with reaching specific milestones. The development of this type of project is closely monitored, including any risks arising from planning or other sources, such as developments at consortium partners.

Market interest rates are low, and given the stance of European monetary policy, it is unlikely that interest rates will rise quickly. Given the perception of risk in our sector and the company, as well as the amended agreements with the banking group, the credit margins that Heijmans has to pay on drawn down loans may increase slightly. If the planned recovery in earnings takes longer to materialise, our exposure with respect to being able to meet the interest coverage ratio will increase.

The company has sufficient financial facilities available to meet its financing requirement. The other financial risks, credit, interest rate and currency risks, are described in section 6.25 of the financial statements.

In addition to risks relating to financing, Heijmans is also exposed to risks relating to financial valuations. This includes tax credits recognised in a situation in which not enough taxable profit will be realised in the Netherlands in the coming years. There are also valuation risks associated with large statement of financial position items such as goodwill and real estate holdings. Despite the impairment of property holdings recognised in 2014, it can be said that, with the expected recovery in the Dutch housing market and a further recovery in the result at Non-Residential and Oevermann, these risks will diminish.

Compliance risks

Compliance concerns both compliance with legislation and regulation and the enforcement of an appropriate framework of standards and values. Managing these risks has a high priority, since inadequate management could damage the company's reputation and integrity. Various measures are in force to prevent such risks, These include the conduct code, obligations explicitly included in management regulations with respect to compliance with legislation and regulation, the procedure for integrity-sensitive positions and a reporting procedure for matters relating to integrity and abuse.

The nature of the building and infrastructure sector is that we work extensively with personnel and sub-contractors whose involvement in a project is only temporary. With regard to the outsourcing of works and the hiring of temporary personnel, the main contractor has to take account of specific legislation and regulation and risks, for instance the Foreign Nationals (Employment) Act and risks relating to chain and recipients' liability. Observance of the control measures in effect in this respect is especially important, given the sharp increase in the number of bankruptcies in the building industry and the fact that the government is increasingly taking a stricter stance with regard to contraventions of prevailing legislation and regulation. Attention is also required with regard to observance of statutory requirements by sub-contractors and employment agencies in relation to pay and working conditions for the workforce. The centrally managed legal department plays an important part in the monitoring of compliance with relevant legislation and regulation.

Safety risks

Safety risks are inherent to the construction industry. Heijmans attaches a great deal of importance to safe and healthy working conditions, so that safety risks can be managed and mitigated. One important measure in this respect is the GO! safety programme (No Accidents) that was introduced in 2013, which aims to raise awareness of safety at Heijmans to a higher level. The GO! safety programme has three main principles. The first principle is a change of attitude and behaviour with respect to safety. The second principle is a consistent and uniform level and impression of safety at Heijmans. The third principle is cooperation on safety in the build chain.

In addition, there are preventive measures to deal with emergencies. Emergency plans are prepared for large building projects so that there can be a rapid response if an emergency occurs. The safety policy also applies to the sub-contractors engaged by Heijmans. This policy focuses on working with VCA-certified subcontractors at the building site so that all VCA (Safety Checklist for Contractors) requirements can be met. This means that all workers on construction sites have completed the basic safety course, and all employees, including sub-contractor personnel, participate in information and training sessions organised by Heijmans, they have the necessary personal protective equipment, and they work with approved equipment and tools. Serious safety incidents must be reported immediately to the Executive Board. Those involved explain the circumstances of the incident to the Board and put forward suggestions for increasing safety at work in general. In addition, in order to take more effective action against personnel who follow unsafe working practices, a system of yellow and red cards has been introduced. This gives guidance to the site manager regarding the action he should take in the event of unsafe conduct, whether intentional or not.

Social risks

The ability to access qualified and motivated personnel is a necessary condition for enabling the Company to carry out its core activities in a proper and professional way. In this context, Heijmans has taken various measures and initiatives designed to retain sufficiently qualified personnel, such as its policy designed for management development, to encourage upward mobility and job rotation. This moreover includes a wide range of internal and external training programmes at both project execution level and management and project management level. Furthermore, both the substance and tenor of the terms and conditions of employment are reviewed on a regular basis to determine whether they continue to be sufficiently competitive. There are also the annual master class and the management trainee programme, designed to attract and retain talented young students at an early stage.

The current growth of the portfolio will mean that the construction sector will have to address the issue of timely organisation of sufficiently qualified people. The inflow of young people has more than halved since before the crisis. Unemployment among older people is also high, and this is a permanent feature. It is therefore important to take measures in good time to be able to cope with growth when this happens.

Insurance

The insurance programme not only aims to manage the operational risks cited above, but also risks arising from changes to legislation, regulation and applicable case law. The insurance programme is characterised by a balance between insuring the financial effects of risks if Heijmans is not willing or able to bear these effects itself and not taking out insurance if these risks can be managed by, for instance, spreading these risks or contractually transferring them to other partners in the chain. The scope for insurance plays a crucial role in this. Insurance is taken out with reputable and reliable insurers.

During the annual meeting with insurers, the premiums are adjusted in line with developments on the insurance market, the loss statistics and the economic climate.


Haagse Resident, The Hague

Supervisory Board

A.A. (André) Olijslager (1944), Chairman

Dutch nationality; former Chairman of the Group Executive Board of Royal Friesland Foods N.V.
Appointed Member of the Supervisory Board of Heijmans NV in April 2007.
Reappointed in 2011 and in 2014. Steps down in 2018.
Principal additional positions: chairman of the supervisory board of Detailresult Group, chairman of the supervisory board of Ondernemend Oranje Kapitaal (in formation), supervisory director and chairman of Stichting Maatschappij en Onderneming (SMO), supervisory director of Innovatie- en Investeringsfonds Gelderland NV, member of the board of Stichting Administratiekantoor Unilever NV, chairman of the advisory board of LSP Health Economics Fund and non-executive director of Pierre & Vacances SA, Paris.

Ms P.G. (Pamela) Boumeester (1958)

Dutch nationality; formerly Managing Director of NS Poort.
Appointed Member of the Supervisory Board of Heijmans NV in April 2010, reappointed in 2014. Steps down in 2018.
Principal additional positions: supervisory director of Ordina NV, supervisory director of Persgroep Nederland B.V., supervisory director of Jaarbeurs Utrecht, chairman of the supervisory council of TSM (Twente School of Management), chairman of Stichting Royal Haskoning, chairman of the advisory board of H&S Groep, member of the advisory board of the Faculty of Economics and Business at the University of Groningen and member of the board of the Ondernemingskamer.

Supervisory Board
From left to right:

Pamela Boumeester;
Ron Icke;
André Olijslager,
(chairman)
Sjoerd van Keulen,
(vice-chairman)
Rob van Gelder.

Ing. R. (Rob) van Gelder (1945)

Dutch nationality; formerly Chairman of the Executive Board of Heijmans NV. Previously Mr Van Gelder was a board member of Koninklijke Boskalis Westminster N.V. for 20 years, and chairman for over 13 years.
Appointed Member of the Supervisory Board of Heijmans NV on 1 July 2010 and reappointed in 2014. Steps down in 2018. Principal additional positions: chairman of the supervisory board of Atlas Services Group.

R. (Ron) Icke RA (1957), Chairman of the Audit Committee

Dutch nationality; formerly Chairman of the Executive Board of USG People NV.
Appointed Member of the Supervisory Board of Heijmans NV in April 2008.
Reappointed in 2012. Steps down in 2016.
Principal additional positions: chairman of the supervisory board of DPA Group N.V., chairman of the supervisory board of ORMIT B.V., chairman of the supervisory board of Orizon GmbH, supervisory director of Kas Bank N.V., supervisory director of VvAA Groep B.V., chairman of the Investment Committee Project Holland Fonds, member of the board of supervision of the Land Registry and board member of Stichting Administratiekantoor V.O.Zee, board adviser of Orizon Holding GmbH, board adviser of Star Group B.V., board adviser of Domus Magnus Holding B.V and board adviser of Partou B.V.

Mr S. (Sjoerd) van Keulen (1946), vice-chairman; chairman of the Remuneration Committee and the Selection and Appointments Committee

Dutch nationality; formerly Chairman of the Executive Board of SNS REAAL NV.
Appointed Member of the Supervisory Board of Heijmans NV in April 2007.
Reappointed in 2011. Steps down in 2015.
Principal additional positions: member of the supervisory council of Stichting Het Wereld Natuur Fonds, member of the supervisory council of Stichting Natuur en Milieu, member of the supervisory council of PharmAccess International, member of the board of Stichting Administratiekantoor Preferente Aandelen Randstad.

REPORT OF THE SUPERVISORY BOARD

Supervision of policy

Asset management Schiphol Airport

The Supervisory Board has taken note of the report of the Executive Board for the 2015 financial year. The financial statements have been audited by Ernst & Young Accountants LLP and were furnished with an unqualified audit opinion on 25 February 2015. The auditor's statement is attached to the Other Data section of the financial statements on page 200. We recommend that the General Meeting of Shareholders adopt the 2014 financial statements and grant discharge of liability to the members of the Executive Board. We approve the proposal by the Executive Board not to distribute a dividend on the ordinary shares, in view of the development of the operating result and the net result for 2014.

Role and powers of the Supervisory Board

The Supervisory Board supervises the policy of the Executive Board and the general state of affairs at the Company and its affiliated companies, and advises the Executive Board. In the exercise of its duties, the Supervisory Board focuses on the interests of the company and its affiliated companies, taking the interests of those involved in the company into consideration. The Supervisory Board is also involved in the social aspects of business operation relevant to the Company. The Articles of Association of Heijmans N.V. and the Regulations for the Supervisory Board of Heijmans N.V. contain rules with respect to board meetings and resolutions. Both these documents are available on the Heijmans N.V. website under the heading 'Corporate Governance'.

Specific areas of supervision

The supervision exercised by the Supervisory Board over the Executive Board concerns matters including the strategy and achievement of objectives, the risks associated with business activities, the design and operation of the internal risk management and control systems, the process of financial reporting, compliance with legislation and regulation, shareholder relations (for further details, see the paragraph 'Dialogue with stakeholders' in the section 'Corporate Governance Vision' in this annual report) and the social aspects of business conduct relevant to the Company.

Accents and activities in 2014

Performance and funding

The Supervisory Board has closely followed the development of performance last year. This has been an agenda item at every meeting. The importance of the margin before volume policy, further professionalisation of the organisation, and improving the internal processes were all emphasised by the Board during these discussions. Furthermore, the Supervisory Board regularly requested the Executive Board to inform it with regard to progress on the improve the core programme. This concerns the steps made in tender and project management and in procurement. In these discussions, the Supervisory Board expressed the importance of competences such as following up actions, focus and leadership. Other topics included the continuing difficult market conditions, the increasing risks and the need for continuous improvement. In the fourth quarter the Supervisory Board devoted extensive attention to the business plan for 2015, and, as part of this, the reorganisations that have and will be carried out at Non-Residential, Civil and Oevermann as well as the improvement measures to be implemented for the infra operations in the Netherlands. As part of the business plan for 2015, there was extensive discussion of the projected development of cash flow and the associated expectations with respect to the funding requirement, also in relation to the applicable covenants with financiers. Since receipt of the ruling in the arbitration case, the Supervisory Board has frequently enquired regarding the estimation process in relation to the financial effects of the ruling with respect to the Energiefabriek Tilburg project and, at the same time, the process of arriving at additional agreements with the financiers regarding the financial covenants test in mid-2015.

Improvement

Company-wide improvement is seen as a very important theme. Straightforward working processes and quality standards are crucial in order to reduce costs and increase efficiency. Much more use can be made of the Company's own knowledge and experience. Job rotation and development of leadership also leads to better project direction and the further development of critical abilities.

Renewal

Partly on the basis of the renewal agenda and the related research & development projects, the Supervisory Board closely monitored progress in the area of renewal and innovation. Among other things, this concerns the underlying vision, technique and the launches of the Smart Highway, the Heijmans ONE and the Hydrea Thermpipe projects. The Supervisory Board moreover endorses the appointment of the Chief Technology Officer and the further professionalisation of innovation at Heijmans. Renewal was visibly included in budgets last year so that priorities can be set and investments are clearly visible. Renewal not only concerns large innovative projects, it actually mainly affects small improvement projects that contribute to more efficient working, improved safety and reducing failure costs.

Activities

In June, the Supervisory Board visited the Brinck Group in Zeewolde acquired by Heijmans at the end of 2013, together with the Executive Board and the Executive Committee. Prior to the meeting of the Supervisory Board, the management of the Brinck Group gave an extensive presentation on the company and the opportunities in the market for smart meters. This was followed by a tour of the warehouse with an explanation of the logistics process. A Supervisory Board meeting was held in August at the offices of the Belgian subsidiaries in Schelle. Prior to the meeting, the managements of both the infra and the construction businesses gave a presentation on their company, providing insight into the market in Belgium for construction and infrastructure.

Frequency of meetings and attendance

The Supervisory Board held six regular meetings with the Executive Board and the Executive Committee in attendance in 2014. At one of these regular meetings, two supervisory directors were unable to attend. There was also one extra meeting at which one supervisory director did not attend. The supervisory directors who could not attend made use of the possibility to discuss the agenda items with the Chairman in advance, and were therefore able to express their views. Two meetings were also held by means of conference call.
The Company's external auditor attended the meeting at which the financial statements for 2013 were discussed. The Supervisory Board is represented a number of times each year at the consultation meetings of Heijmans' Central Works Council (CWC). There is regular consultation between the supervisory directors and the members of the Executive Board, depending on each supervisory director's specific portfolio. This applies in particular to the Chairman of the Supervisory Board and the chairs of the various committees, namely the selection and appointments committee, the audit committee and the remuneration committee.

Resolutions

The important resolutions of the Supervisory Board in 2014 included the following:

- Approval of resolutions by the Executive Board to establish and amend the Company's operational and financial targets;
- Approval of the 2014 business plan and budget of Heijmans N.V., whereby the strategic policy principles are formulated;
- Approval of the 2013 financial statements for Heijmans N.V.;
- Approval of the proposed dividend distribution by Heijmans N.V.;
- Approval of the proposal by the Executive Board regarding the appropriation of the result of Heijmans N.V. in 2013;
- Approval of the implementation of the criteria for the short and long term variable remuneration of the Executive Board;
- Appointment of EY as the external auditor for the 2014 and 2015 financial years after authorisation by the General Meeting of Shareholders on 16 April 2014;
- Approval of the resolution by the Executive Board to issue shares under the Bonus Share Matching Plan;
- Approval of the resolution by the Executive Board to implement a reorganisation at Non-Residential involving the loss of approximately 230 jobs;
- Approval of the resolution by the Executive Board to implement reorganisations at various business units.

Executive Board and Executive Committee

An important responsibility of the Supervisory Board concerns the provision of a good structure, staffing and composition of the Company's Executive Board. The Heijmans Executive Board consists of three members. Two persons were moreover appointed to the Executive Committee (as of 1 January 2012), bringing its number of members to five.

Contrary to the previous year, there were no changes to the composition of the Executive Board or the Executive Committee in 2014. It has been decided in consultation between the Supervisory Board and the Executive Board that the organ of the Executive Committee will cease to exist starting from 2015. With this change, the Executive Board intends to strengthen the operational management, also because capacity from the Executive Board can be deployed differently to the larger projects in all business flows. The Supervisory Board supports this change and is of the opinion that more effective leadership can be provided for the Company at a time when Heijmans faces numerous challenges.

On 16 April 2014, Mr L.J.T. van der Els was reappointed as an executive director (chairman of the Executive Board) for a term of four years. This reappointment was notified by the Supervisory Board to the General Meeting of Shareholders on 16 April 2014.

Portfolio division Executive Committee (2014)

- Bert van der Els: General Affairs, Management Development, HR, Commerce, Communication and Innovation
- Mark van den Biggelaar: Finance, Investor Relations, ICT, Legal Affairs, Procurement, Facility Management and Pensions
- Ton Hillen: Property Development, Residential Building, Non-Residential, PPP, Building and Property Development Belgium, Materials Management
- Roland de Waal: Roads in the Netherlands, Belgium and Germany (Oevermann), Renewal
- Gert-Jan Vermeulen: Civil, Civil activities in Belgium (Van den Berg) and Germany (Franki Grundbau), Improvement.

Portfolio division Executive Board (2015)

With effect from 2015, the portfolio division for the Executive Board is as follows:

- Bert van der Els: General Affairs, Management Development, HR, Commerce, Communication, Sustainability and Innovation, Infra Belgium
- Mark van den Biggelaar: Finance, Investor Relations, ICT, Legal Affairs, Procurement, Facility Management, Pensions and Infra Germany
- Ton Hillen: Infra Netherlands, Property Development, Residential Building, Non-Residential, PPP, Building Belgium, Materials Management

Close cooperation between the various business flows and operating as one Group remains an important principle for the management. This applies both in the Netherlands and internationally. Firstly, the Executive Board will initiate and encourage this, and secondly it will be embedded in forms of functional direction and fixed operations-oriented consultations.

Self-evaluation by the Supervisory Board

One of the principles of the Dutch Corporate Governance code is that supervisory boards are collectively responsible for their own performance and cites self-evaluation as a best practice. The Supervisory Board has engaged an external consultancy agency to guide this self-evaluation. This took place in the autumn of 2014. The consultancy agency also held individual interviews with the supervisory directors, the executive directors, the members of the Executive Committee and the Company Secretary. The interviews included discussion of both the performance of the individual supervisory directors and of the Supervisory Board as a whole, and of its committees. The self-evaluation process included various items, such as the commitment and participation of the individual supervisory directors, the process of resolutions within the Board and the quality thereof, the relationship with the Executive Board and the performance of the Supervisory Board as a whole. The observations and recommendations ensuing from the self-evaluation were discussed at a meeting of the Supervisory Board by the evaluators and discussed by the Supervisory Board and the Executive Board. The most important conclusion is that there is a constructive and open relationship, both between the supervisory directors themselves and between the Supervisory Board and the Executive Board.

The Supervisory Board discussed the performance of the Executive Board and its members without them being present.

Diversity

The composition of Heijmans' Supervisory Board features diversity in terms of gender, background and experience. Under the Management and Supervision Act, larger companies are obliged to strive to achieve a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are divided between natural persons. One of the five members of the Supervisory Board is female, and thus represents 20%. Given the appointment terms and the total number of seats, the target ratio of 30% will not be achieved. For further background information on all the supervisory directors, see page 99 of this annual report. The target profile for supervisory directors is stated on the website, under the heading 'Corporate Governance'. In the event of vacancies (other than reappointments) the Supervisory Board proposes to strive to increase the diversity of its available expertise and the profile of the supervisory directors.

Committees

The Supervisory Board has appointed three committees: the Audit Committee, the Selection and Appointments Committee and the Remuneration Committee. Regulations have been formulated for each committee establishing the role of the committee in question, its composition and how it carries out its duties. These regulations can be found on the Heijmans website under the heading 'Corporate Governance' and then under 'Supervisory Board'.

Audit Committee

The Audit Committee comprises three members of the Supervisory Board and has duties in a number of financial areas. The matters discussed by the Audit Committee are in preparation for the discussion of these items by the full Supervisory Board. These include the half-yearly report, the financial statements, the budget, the reporting of the external auditor, other financial reporting, the operation of internal risk management and control systems, the relationship with and the evaluation of the external auditor, the pension plans and the development
of the Company's financing requirement and debt position and its relationship with its financiers.

The Audit Committee was also closely involved in early 2014 in the process of selection of a new external auditor. Other items discussed included the valuation of land holdings, the status of the supplementary company pension fund, the implementation of the ERP system SAP and the revised application of IFRS 11 in 2014, as well as integrity and compliance and the introduction of the possibility of anonymous reporting of abuses, Risk & Audit Management and thus also the appointment of a Risk & Audit Manager.

The Audit Committee consists of Messrs R. Icke RA (Chairman), R. van Gelder and S. van Keulen. The Committee met with the Executive Board on four occasions in 2014. The external auditor also attended a number of meetings. The Committee consulted the auditor on one occasion without the Executive Board present.
When relevant, managers with responsibility for finance, auditing, risks and compliance attended the meetings of the Audit Committee, together with the CEO and the CFO. Relevant items for which approval by the full Supervisory Board was required were submitted to the full Supervisory Board accompanied by a recommendation from the Audit Committee.

Selection and Appointments Committee

The Selection and Appointments Committee establishes, among other things, the selection criteria and appointment procedure for supervisory directors and members of the Executive Board. The Committee also evaluates the performance of the members of the Executive Board at least once a year, and conducts individual performance assessment interviews with the members of the Executive Board at least once a year.

Last year, the Selection and Appointments Committee met on two occasions. One of the items it considered was the reappointment of Mr L.J.T. van der Els as member (and chairman) of the Executive Board (as notified at the General Meeting of Shareholders of 16 April 2014). Following the proposal expressed by the Supervisory Board at the GMS on 16 April 2014 to arrange a more balanced retirement rota, it was decided to supplement the Board with a sixth supervisory director. The Supervisory Board also considers that this supervisory director should be able to take over the chairmanship of the Board in due course. The Selection and Appointments Committee accordingly initiated a search for suitable candidates. At the General Meeting of Shareholders on 15 April 2015, Mr S.S. Vollebregt will be nominated as a supervisory director of Heijmans N.V. for a term of four years. The Central Works Council of Heijmans supports this nomination and has accordingly not made use of its strengthened right of recommendation for this vacancy.

This committee consists of Ms P.G. Boumeester and Messrs S. van Keulen (Chairman) and A.A. Olijslager.

Remuneration Committee

The Remuneration Committee, which has the same composition as the Selection and Appointments Committee, carries out preparatory work for the Supervisory Board with respect to the remuneration of members of the Executive Board. This is based on the remuneration policy for members of the Executive Board and the Executive Committee that took effect on 1 January 2010 and was adopted by the General Meeting of Shareholders on 28 April 2010.

The remuneration of the directors of Heijmans in 2014 was in line with this remuneration policy, details of which are given on page 108 of this annual report.

In 2014 the Remuneration Committee discussed the formulation and implementation of the financial and qualitative targets for the short term (2013) and long term (2011-2013) variable remuneration. The committee also discussed the financial and qualitative targets for 2014 and 2014-2016 for the short and long term variable remuneration respectively of the members of the Executive Board. Proposals with respect to the basic salaries of the members of the Executive Board and Executive Committee as of 1 January 2015 were also discussed. The short-term variable remuneration (for 2014) and the long-term variable remuneration (over the period 2012-2014) for the members of the Executive Board were then established by the Supervisory Board on the basis of the proposal of the Remuneration Committee in early 2015. The Remuneration Committee also considered the remuneration report for 2013, the remuneration of supervisory directors and the pension plan for the members of the Executive Board. The Remuneration Committee met on three occasions in 2014. These meetings were also attended by the Chairman of the Executive Board and the Director of HRM.

Composition of the Supervisory Board

Three supervisory directors stepped down according to the retirement rota in 2014. The supervisory directors stepping down according to the retirement rota at the General Meeting of Shareholders on 16 April 2014, namely Ms P.G. Boumeester and Messrs R. van Gelder and A.A. Olijslager, were reappointed for a term of four years.

The current composition of the Supervisory Board, including the particulars of the members and their main and other positions held, is given on page 99 of this Annual Report. Apart from Mr. Van Gelder (as a former Chairman of the Executive Board of Heijmans N.V. until 1 July 2010), all the other supervisory directors qualify as independent in the sense of Article III.2.2 of the Dutch Corporate Governance Code.

Conclusion

Margins in the construction industry are under pressure, and there is a clear need for further improvement and renewal. The Supervisory Board follows developments closely and holds intensive discussions. Huge effort and energy is required on everyone's part to implement the necessary changes. We would like to take this opportunity to express our appreciation for the Executive Board, the CWC and all Heijmans employees for their huge efforts during the past year.

's-Hertogenbosch, 25 February 2015

A.A. Olijslager, Chairman
Mr S. van Keulen, Vice-Chairman
Ms P.G. Boumeester
Ing. R. van Gelder
R. Icke

Timmerhuis, Rotterdam

Principles and content

A12 Ede-Grijsoord

Principles of the remuneration policy

The Supervisory Board of Heijmans N.V. pursues a remuneration policy for the Company's Executive Board and Executive Committee that is based on the following principles:

- Executive compensation must be such that it is possible to attract and retain top managers, not only from the building industry but from related sectors, such as property development and electrical and mechanical contracting;
- The remuneration policy must be consistent with the Company's corporate governance policy;
- Remuneration must be guided by the strategic and financial objectives and must to a significant degree be performance-based, with an appropriate balance between short and long-term results and/or targets;
- Remuneration must not include any incentives that could result in individual behaviour that is in conflict with the Company's interests;
- The Executive Board of Heijmans N.V. operates as a team with ultimate responsibility clearly resting with the Chairman, although the other Executive Directors are, in addition to their specific areas of responsibility, also accountable for the overall end result.

Relationship with the Corporate Governance Code

Heijmans endorses the principles relating to the remuneration of executive directors stated in the Corporate Governance Code. Heijmans moreover endorses the recommendations relating to the remuneration-related responsibilities of the Supervisory Board and the role of the Remuneration Committee. Heijmans observes the principle of a maximum appointment term of four years for executive directors as well as the compensation stated in the Code in the event of involuntary dismissal.

Positioning of the remuneration packages

The policy is designed to position the remuneration packages at a median level compared to other remuneration packages paid to directors of comparable enterprises in the Netherlands. Moreover, the remuneration

package must be competitive and contain the right incentives to generate good policy and above-average performance.
The Supervisory Board plans to update this policy on a regular basis by reviewing it against market developments and socially accepted standards.

Principles of the remuneration policy for executive directors of Heijmans N.V.

The system chosen comprises a basic salary and a variable bonus depending on short-term targets (variable bonus on an annual basis) and long-term objectives (annually recurring variable remuneration on a three-year basis). If both the short-term and long-term targets are achieved, the total variable remuneration amounts to 100% of the fixed salary. If performance significantly exceeds or falls below the agreed targets, the variable remuneration can amount to a maximum of 150% of the fixed salary, or be reduced to zero. 'At target' performance will result in 50% of the total variable payment consisting of the variable annual bonus, and 50% consisting of the annually recurring variable remuneration on a three-year basis. 50% of the variable annual bonus depends on annually established financial targets, and 50% is determined on the basis of individual qualitative performance as assessed by the Supervisory Board.

If the company closes any year with a net loss, the right to a variable annual bonus for that year only becomes vested if and when the company realises a net profit in the following year or the year thereafter, subject to a minimum level to be set by the Supervisory Board. Thereafter, a right to a variable annual bonus for the year in question lapses. 50% of the variable remuneration on a three-year basis depends on financial targets, and 50% on individual qualitative performance and other (non-financial) criteria, at the discretion of the Supervisory Board. The whole variable remuneration is subject to a claw-back clause, whereby a variable remuneration that has been allocated can be reclaimed if it was awarded on the basis of incorrect information. The Supervisory Board also has the discretionary power to adjust the variable remuneration granted conditionally in a previous financial year if, in the Supervisory Board's opinion, this remuneration results in an unfair or unreasonable situation because of very exceptional circumstances in the relevant assessment period (measure of last resort).

The Supervisory Board has the right to final review and possible adjustment of any award of variable remuneration. The principles of the remuneration policy for executive directors of Heijmans N.V. were established by the GMS on 28 April 2010. The targets that apply to the determination of the variable remuneration of members of the Executive Board are established by the Supervisory Board. This concerns the financial targets and the qualitative performance targets used to determine the annual payment and the long-term payment for the preceding three-year period.
In 2014 the Remuneration Committee was also engaged in establishing the targets to be achieved in connection with the variable remuneration, the allocation of the variable remuneration and the Management and Supervision Act, changed pensions legislation as of 1 January 2015 and the Bonus Share Matching Plan.

Allocation of variable remuneration

The Supervisory Board has decided not to award any short-term or long-term variable remuneration to the members of the Executive Board for 2014. The decision is based on the observation that while a number of personal targets for members of the Executive Board were achieved, such as the further positioning of Heijmans Technology, the further improvement of the 'Fit for Cash' programme, the further development of the ERP system and controlled growth of the activities at PPP and Property Development, this was not the case with regard to the most important financial targets.
In its assessment, the Supervisory Board followed the principle that each member of the Executive Board has their own items of attention in the realisation of the targets, but that the results achieved are the collective responsibility of the Executive Board.

The above is based on the remuneration policy in force since 1 January 2010.

Remuneration of members of the Executive Board

in €	Gross fixed remuneration		Long-term variable remuneration		Short-term variable remuneration		Pension expense	
	2014	2013	2014	2013	2014	2013	2014	2013
L.J.T. van der Els *	493,764	493,764	0	43,460	0	74,065	102,160	102,160
M.C. van den Biggelaar **	395,661	395,661	0	38,788	0	59,349	75,501	80,940
A.G.J. Hillen ***	395,661	395,661	0	35,986	0	59,349	118,454	128,212
Total	**1,285,086**	**1,285,086**	**0**	**118,234**	**0**	**192,763**	**296,115**	**311,312**

* Chairman of the Executive Board with effect from 18 April 2012 and member of the Executive Board with effect from 28 April 2010
** Member of the Executive Board with effect from 1 September 2009
*** Member of the Executive Board with effect from 18 April 2012

Pension
The pension scheme is a conditionally indexed average salary scheme in which pension is accrued on the gross fixed salary and becomes payable at the age of 67 years. This concerns the accrual of retirement pension, surviving dependants' pension and orphan's pension. In deviation from the above, one member of the Executive Board receives a fixed payment for the accrual of an individual pension provision.

Bonus Investment Share Matching Plan
This plan is intended to secure the longer-term commitment of executive directors and reinforce their focus on the long term and value creation for Heijmans by encouraging them to buy ordinary shares/depositary receipts for ordinary shares of the Company and hold these for an extended period. Executive directors can opt to invest part of their short-term variable annual bonus (after tax) in shares in the Company's capital. If a director (hereinafter "participant") decides to invest, the contribution is limited to 50% of his or her gross short-term variable annual remuneration. The minimum contribution is 10% of the gross short-term variable annual remuneration.

The shares purchased by the participant are subject to a mandatory lock-up period of three years, during which the participant may not transfer the purchased shares. The participant is however entitled to dividend during the lock-up period. Immediately upon purchase, each purchased share grants the participant the right to one conditionally granted share ('matching share'), which only becomes vested after three years, provided the participant is still employed by Heijmans at that point. The matching shares are then subject to a mandatory lock-up period of two years. If the participant's employment terminates at any time during the three-year period, the right to the matching shares lapses (except in the case of retirement or death). If the employment ends during the two-year lock-up period, the matching shares remain blocked until the end of the lock-up period. The regulations for the Bonus Investment Share Matching Plan for the members of the Executive Board and the Executive Committee were established by the Supervisory Board on the basis of the proposal by the Remuneration Committee in 2011.

Remuneration Committee
The Remuneration Committee, consisting of Ms P.G. Boumeester and Messrs S. van Keulen (Chairman) and A.A. Olijslager, is concerned with the remuneration of members of the Executive Board and members of the Supervisory Board in preparation for consideration of this matter by the Supervisory Board.

's-Hertogenbosch, 25 February 2015

Mr S. van Keulen, chairman
Ms Drs. P.G. Boumeester
A.A. Olijslager

Statement by the Executive Board

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Dutch Civil Code and Section 25c (2c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of his knowledge:

- The financial statements give a true and fair view of the assets, the liabilities, the financial position and the result of the Company and the companies included in the consolidation; and
- The Annual Report provides a true and fair view of the position as at 31 December 2014 and the business conducted during the 2014 financial year by the Company and its affiliated companies, whose data has been included in its financial statements, and that the annual report provides information on the principal risks faced by the issuing institution.

's-Hertogenbosch, 25 February 2015

Ir. L.J.T. van der Els
Mr M.C. van den Biggelaar MiF
Ing. A.G.J. Hillen

Financial Statements 2014

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1. Consolidated statement of profit or loss

x € 1.000

		2014	2013*
6.1	Revenue	1.867.656	2.001.105
	Cost of sales	-1.720.464	-1.796.685
Gross profit		**147.192**	**204.420**
6.3	Other operating income	3.258	3.530
	Selling expenses	-31.981	-30.965
	Administrative expenses	-180.515	-163.895
6.5	Other operating expenses	-1.503	-1.206
Operating result		**-63.549**	**11.884**
6.6	Financial income	5.903	3.181
6.6	Financial expense	-11.024	-6.688
6.12	Result of joint ventures and associates	6.526	-876
Result before tax		**-62.144**	**7.501**
6.7	Tax expense	14.851	-5.644
Result after tax		**-47.293**	**1.857**
	The entire result after tax is attributable to the shareholders.		
Earnings per share (in €)			
6.20	Earnings per ordinary share after tax	-2,44	0,10
6.20	Earnings per ordinary share after tax and dilution effects	-2,44	0,10
	Dividend distributed per ordinary share in the financial year	0,15	0,25

* After adjustment due to change in accounting policy for joint arrangements (see 5. Accounting policies).

2a. Consolidated statement of comprehensive income

x € 1.000

	2014	2013*
1. Result after tax	**-47.293**	**1.857**
Other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss:		
Effective portion of changes in the fair value of cash flow hedges	-	4.541
Changes in the fair value of cash-flow hedges transferred to profit or loss	-	-3.685
Effective portion of changes in the fair value of cash flow hedges for joint ventures	-804	129
Tax effect of other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss:	-	-28
Other comprehensive income that is never reclassified to profit or loss:		
Changes in actuarial results on defined benefit plans	-4.754	-17.424
Changes in actuarial results on defined benefit plans of associates	-540	0
Tax effect of other comprehensive income that is never reclassified to profit or loss:	1.188	4.492
Other comprehensive income (after tax)	**-4.910**	**-11.975**
Comprehensive income	**-52.203**	**-10.118**

* After adjustment due to change in accounting policy for joint arrangements (see 5. Accounting policies).

The entire comprehensive income is attributable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1.000

2014	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 31 December 2013	**5.805**	**222.183**	**-23.240**	**750**	**192**	**105.475**	**1.857**	**313.022**
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-47.293**	**-47.293**
Other comprehensive income	**-**	**-**	**-4.106**	**-804**	**-**	**-**	**-**	**-4.910**
Comprehensive income	**-**	**-**	**-4.106**	**-804**	**-**	**-**	**-47.293**	**-52.203**
Transactions with owners of the group:								
Bonus Investment Share Matching Plan		-	-	-	30	-	-	30
Issue of shares for the Bonus Investment Share Matching Plan	3	-	-	-	-3	-	-	0
Appropriation of result for 2013								
Dividend in shares	31	-31	-	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-1.573	-	-1.573
Transferred to retained earnings	-	-	-	-	-	1.857	-1.857	0
Total transactions with owners	**34**	**-31**	**-**	**-**	***27***	**284**	**-1.857**	**-1.543**
Balance at 31 December 2014	**5.839**	**222.152**	**-27.346**	**-54**	**219**	**105.759**	**-47.293**	**259.276**

x € 1.000

2013*	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Before adjustment	5.199	209.562	-10.308	-207	122	197.968	-87.742	314.594
Change in accounting policy for joint arrangements		-	-	-	-	-2.250	-	-2.250
Adjusted balance at 1 January 2013	**5.199**	**209.562**	**-10.308**	**-207**	**122**	**195.718**	**-87.742**	**312.344**
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**1.857**	**1.857**
Other comprehensive income	**-**	**-**	**-12.932**	**957**	**-**	**-**	**-**	**-11.975**
Comprehensive income	**-**	**-**	**-12.932**	**957**	**-**	**-**	**1.857**	**-10.118**
Transactions with owners of the group:								
Bonus Investment Share Matching Plan	-	-	-	-	70	-	-	70
Share issue	528	12.699	-	-	-	-	-	13.227
Appropriation of result for 2012								
Dividend in shares	78	-78	-	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-2.501	-	-2.501
Transferred to retained earnings	-	-	-	-	-	-87.742	87.742	0
Total transactions with owners	**606**	**12.621**	**-**	**-**	*70*	**-90.243**	**87.742**	**10.796**
Balance at 31 December 2013	**5.805**	**222.183**	**-23.240**	**750**	**192**	**105.475**	**1.857**	**313.022**

* After adjustment due to change in accounting policy for joint arrangements (see 5. Accounting policies).

3. Consolidated statement of financial position

x € 1.000

	Assets	31 December 2014	31 December 2013*	1 January 2013*
	Non-current assets			
6.9	Property, plant and equipment	92.529	103.373	117.739
6.10	Intangible assets	113.918	115.421	113.877
6.11	Investment property	2.050	5.836	6.083
6.12	Joint ventures and associates	72.839	50.575	54.954
	PPP receivable	-	-	14.434
6.13	Other assets	31.004	41.641	41.084
6.22	Employee-benefits	24.484	25.494	29.459
6.14	Deferred tax assets	27.284	9.527	6.551
		364.108	**351.867**	**384.181**
	Current assets			
6.15	Strategic land portfolio	182.936	211.622	203.222
6.15	Residential properties in preparation or under construction	81.555	86.047	95.997
6.15	Other inventories	23.804	26.963	34.226
6.16	Work in progress	167.314	123.970	118.262
6.8	Income tax receivables	1.055	1.023	379
6.17	Trade and other receivables	310.131	340.304	347.544
6.18	Cash and cash equivalents	73.787	61.013	66.019
		840.582	**850.942**	**865.649**
	Total assets	**1.204.690**	**1.202.809**	**1.249.830**

* After adjustment due to change in accounting policy for joint arrangements (see 5. Accounting policies).

x € 1.000

	Equity and liabilities	31 December 2014	31 December 2013*	1 January 2013*
	Equity			
2b	Issued capital	5.839	5.805	5.199
2b	Share premium	222.152	222.183	209.562
2b	Reserves	-27.181	-22.298	-10.393
2b	Retained earnings from prior financial years	105.759	105.475	195.718
1	Result for the year after tax	-47.293	1.857	-87.742
		259.276	**313.022**	**312.344**
	Non-current liabilities			
6.21	Interest-bearing loans and other non-current financing liabilities	95.339	96.546	97.914
6.22	Employee-related liabilities	26.731	23.554	18.973
6.23	Provisions	4.648	6.993	13.455
6.14	Deferred tax liabilities	5.080	7.022	8.350
		131.798	**134.115**	**138.692**
	Current liabilities			
6.21	Interest-bearing loans and other current financing liabilities	9.811	30.505	43.658
6.24	Trade and other payables	574.881	544.899	506.646
6.16	Work in progress	184.306	151.566	200.250
6.8	Income tax payables	4.112	2.104	1.213
6.22	Employee-benefits	2.043	4.320	6.819
6.23	Provisions	38.463	22.278	40.208
		813.616	**755.672**	**798.794**
	Total equity and liabilities	**1.204.690**	**1.202.809**	**1.249.830**

* Na herziening als gevolg van stelselwijziging gezamenlijke overeenkomsten (zie 5. Grondslagen voor de financiële verslaggeving)

4. Consolidated statement of cash flows - indirect method

x € 1.000

		2014	2013*
Operating result		**-63.549**	**11.884**
Adjustments for:			
6.3	Gain on sale of non-current assets	-2.145	-1.999
6.4/ 6.9/ 6.11	Depreciation of property, plant, equipment and investment property	21.968	22.654
6.4/ 6.10	Amortisation of intangible assets	1.503	1.206
6.25	Impairment of debtors	1.665	930
6.15	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	16.500	5.900
6.16	Change in work in progress	-10.604	-54.392
	Change in other working capital	87.649	13.682
6.22 en 6.23	Non-current provisions	832	-1.881
2.a	Changes in the fair value of cash-flow hedges transferred to profit or loss	-	3.685
	Operating result after adjustments	53.819	1.669
	Interest paid	-10.096	-10.061
	Interest received	3.883	1.947
	Tax expense paid	-1.586	-3.912
Cash flow from operating activities:		**46.020**	**-10.357**
	Purchase of subsidiaries	-	-2.927
	Transfer of participating interest to joint venture	-	2.290
6.2	Sale of interest in associate	7.000	-
6.9 en 6.11	Investments in property, plant, and equipment	-17.718	-15.257
	Sale of property, plant, equipment and investment property	12.525	9.704
	Capital contributions to joint ventures and associates, less dividends received from them	-5.839	3.503
	Loans granted to joint ventures and associates, less loans repaid by them	-5.741	-557
Cash flow from investment activities		**-9.773**	**-3.244**
	Share issue	-	13.456
	Transaction costs of share issue	-	-229
6.21	Interest-bearing loans drawn down	11.410	4.440
6.21	Interest-bearing loans repaid	-32.886	-5.244
6.21	Refinancing expenses	-424	-1.327
2.b	Dividend in cash	-1.573	-2.501
Cash flow from financing activities		**-23.473**	**8.595**
Net cash flow in the period		**12.774**	**-5.006**
6.18	Cash and cash equivalents at 1 January	61.013	66.019
6.18	**Cash and cash equivalents at 31 December**	**73.787**	**61.013**

* After adjustment due to change in accounting policy for joint arrangements (see 5. Accounting policies).

5. Accounting policies

Heijmans N.V. (referred to as the "Company") has its registered office in the Netherlands. The Company's consolidated financial statements for the 2014 financial year include the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interests in associates and jointly controlled entities.

With reference to the company statement of profit or loss of Heijmans N.V., use has been made of the exemption under Section 402, Book 2 of the Dutch Civil Code.

The Executive Board prepared the financial statements on 25 February 2015. These will be submitted for approval to the General meeting of Shareholders on 15 April 2015.

(1) Statement of Compliance

The consolidated financial statements for 2014 were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS), and with Part 9 of Book 2 of the Dutch Civil Code.

(2) Basis of preparation

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise stated.

The preparation of the annual financial statements in accordance with the EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported value of assets and liabilities, and the reported value of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable.

The estimates form the basis for calculating the carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates (see also note 6.30, "Management estimates and judgements".

The estimates and underlying assumptions are continually reassessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are recognised in the reporting period and future periods if the revision also affects future periods.

The accounting policies described below have been consistently applied to all periods presented in these annual consolidated financial statements and to all entities belonging to the Group, apart from the changes explained in (3).

(3) Changes to accounting principles and impact of new accounting standards

The Board has adopted the following new accounting standards including possible consequential amendments to other Directives, with a first-time application date of 1 January 2014:

- IFRS 10 Consolidated Financial Statements (see 3a, "Change in accounting policy for consolidated financial statements (subsidiaries)".
- IFRS 11 Joint Arrangements (see 3b, "Change in accounting policy for joint arrangements")
- IFRS 12 Disclosure of Interests in Other Entities (see 3c, "Effect of application of the accounting standard on disclosure of interests in other entities")

(3a) Change in accounting policy for consolidated financial statements (subsidiaries)

IFRS 10 introduces a new control model for potentially all entities in which the Group invests. Its application depends on whether the Group
a) has power over the entity;
b) is exposed or has rights to variable returns from its involvement with the entity; and
c) can use its power over the entity to affect the size of these variable returns.

Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. Previously, control was said to exist when the Group had the power to directly or indirectly govern the financial and operating policy of an entity.

The change to the definition of "control" in IFRS 10 has not affected the composition of the Group.

(3b) Change in accounting policy for joint arrangements

IIFRS 11 specifies how arrangements under which the Group exercises joint control with third parties have to be recognised. IFRS 11 distinguishes two categories of joint arrangements: "joint operations" and "joint ventures".

The category to which a joint arrangement is assigned depends on the rights and obligations of the Group under the arrangement, taking into account the structure and legal form of the arrangement, the terms and conditions of the governing contract, and other facts and circumstances in accordance with their relevance.

A joint operation is a joint arrangement over which the Group exercises joint control with third parties, with the Group having a right to the assets and an obligation for the liabilities relating to the arrangement. For its share in a joint operation, the Group has to recognise its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation), and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportional consolidation.

A joint venture is a joint arrangement over which the Group exercises joint control with third parties, with the Group having rights to the net assets relating to the arrangement. Joint ventures are recognised using the equity method.

Previously, proportional consolidation was applied to all entities over which the Group exercised joint control with third parties.

In accordance with the regulations, the Group has applied the change in accounting policy retroactively. The effects of applying the change to the consolidated statement of profit or loss for 2013, the consolidated statements of financial position at 31 December 2013 and 1 January 2013, and the consolidated statement of cash flows for 2013 are shown below.

Effects of change in accounting policy for joint arrangements on the 2013 consolidated statement of profit or loss:

x € 1 million	2013		
	Before adjustment	**Joint arrange-ments**	**After adjustment**
Revenue	2.054	-53	2.001
Cost of sales	-1.847	50	-1.797
Gross profit	207	-3	204
Operating result	**13**	**-1**	**12**
Financial income and expense	-6	2	-4
Result of joint ventures and associates	1	-1	0
Result before tax	**8**	**0**	**8**
Tax expense	-6	0	-6
Result after tax	**2**	**0**	**2**
Earnings per share (in €):			
Earnings per ordinary share after tax	0,10	-	0,10
Earnings per ordinary share after tax and dilution effects	0,10	-	0,10

Effects of change in accounting policy for joint arrangements on the consolidated statement of financial position at 31 December 2013 and 1 January 2013:

x € 1 million	31 December 2013					
Assets	**Before adjustment**		**Joint arrange-ments[4]**		**After adjustment**	
Non-current assets						
Property, plant and equipment	110		-7		103	
Intangible assets	115		-		115	
Interests in joint ventures and associates	4		47		51	
Other non-current assets	100		-18		82	
		329		22		351
Current assets						
Strategic land portfolio	313		-101		212	
Residential properties in preparation or under construction	87		-1		86	
Other inventories	30		-3		27	
Work in progress	120		4		124	
Trade and other receivables	371		-31		340	
Other current assets	1		0		1	
Cash and cash equivalents	73		-12		61	
		995		-144		851
Total assets		**1.324**		**-122**		**1.202**

x € 1 million	1 January 2013					
Assets	**Before adjustment**		**Joint arrange-ments[4]**		**After adjustment**	
Non-current assets						
Property, plant and equipment	124		-6		118	
Intangible assets	114		-		114	
Interests in joint ventures and associates	4		51		55	
Other non-current assets	107		-10		97	
		349		35		384
Current assets						
Strategic land portfolio	305		-102		203	
Residential properties in preparation or under construction	99		-3		96	
Other inventories	37		-3		34	
Work in progress	120		-2		118	
Trade and other receivables	377		-29		348	
Other current assets	2		-2		0	
Cash and cash equivalents	77		-11		66	
		1.017		-152		865
Total assets		**1.366**		**-117**		**1.249**

x € 1 million	31 December 2013					
Equity and liabilities	**Before adjustment**		**Joint arrange-ments[4]**		**After adjustment**	
Equity		315		-2		313
Non-current liabili-ties						
Interest-bearing [1]	155		-58		97	
Non-interest-bearing	40		-4		36	
		195		-62		133
Current liabilities						
Interest-bearing loans and other current financing liabilities	59		-29		30	
Trade and other payables	571		-26		545	
Work in progress	153		-1		152	
Other	31		-2		29	
		814		-58		756
Total equity and liabilities		**1.324**		**-122**		**1.202**
Solvency based on capital base[2]		29%		3%		32%
Net debt [3]		141		-75		66

x € 1 million	1 January 2013					
Equity and liabilities	**Before adjustment**		**Joint arrange-ments[4]**		**After adjustment**	
Equity		315		-3		312
Non-current liabili-ties						
Interest-bearing [1]	146		-48		98	
Non-interest-bearing	44		-4		40	
		190		-52		138
Current liabilities						
Interest-bearing loans and other current financing liabilities	80		-36		44	
Trade and other payables	529		-22		507	
Work in progress	201		-1		200	
Other	51		-3		48	
		861		-62		799
Total equity and liabilities		**1.366**		**-117**		**1.249**
Solvency based on capital base[2]		28%		2%		30%
Net debt [3]		149		-73		76

1. Non-current, interest-bearing liabilities include €66 million in cumulative financing preference shares.
2. Capital base is defined as equity plus cumulative financing preference shares.
3. Net debt is defined as interest-bearing debt less cash and cash equivalents.
4. The Group is party to one framework agreement for which its interest was previously recognised at nil. Consequent to the adoption of IFRS 11, the agreement has been designated as a joint arrangement and classified as a joint operation. This change has been recognised retrospectively, resulting in the strategic land portfolio increasing by approximately €17 million and interest-bearing debt increasing by approximately €20 million. In the breakdown above, the change is included in the movements due to the change in accounting policy for joint arrangements.

Effects of change in accounting policy for joint arrangements on the 2013 statement of cash flows:

	2013					
	Before adjustment		Joint arrangements		After adjustment	
Operating result	13		-1		12	
Adjustments for:						
Depreciation of property, plant, equipment and investment property	23		0		23	
Amortisation of intangible assets	1		0		1	
Adjustment to non-recurring changes in property and land portfolios, excluding joint ventures	7		-1		6	
Change in work in progress	-48		-6		-54	
Change in other working capital	8		8		16	
Change in non-current provisions	-2		0		-2	
Interest paid/ received	-10		2		-8	
Tax expense paid	-4		0		-4	
Cash flow from operating activities		-12		2		-10
Cash flow from investment activities		-4		0		-4
Cash flow from financing activities		11		-2		9
Cash and cash equivalents at year end		-5		0		-5
Cash and cash equivalents at 1 January		78		-12		66
Cash and cash equivalents at year end		**73**		**-12**		**61**

(3c) Effect of application of the accounting standard on disclosure of interests in other entities

IFRS 12 is a new standard for disclosure requirements. It applies to entities with subsidiaries, joint arrangements or associates and/or interests in non-consolidated structured entities. As a consequence of IFRS 12, the Group has expanded its disclosures to include interests in investments treated in accordance with the equity method (see note 6.12).

(3d) Impact of new directives that are non-mandatory for 2014 as adopted within the European Union

The Group is studying the effects of the new interpretation of IFRIC 21, "Levies". According to the Group's current understanding, if this new, voluntary interpretation had been applied on a non-mandatory basis, it would have had no effect on the financial results.

(4) Accounting policies used for consolidation

(4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control.
Control exists if the Group:
a) has power over the entity;
b) is exposed or has rights to variable returns because of its involvement with the entity; and
c) can use its power over the entity to affect the size of these returns.
Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations are recognised according to the acquisition method, as from the date on which control transferred to the Group. The transaction cost of the acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a favourable purchase is recognised directly in profit or loss. Transaction costs are recognised when these are incurred, unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account balances. Such amounts are generally recognised in profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured, but the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

(4b) Joint ventures and associates (equity method)

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed, by concluding a contract, that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.
An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases.
Joint ventures and associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill established during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in a joint venture or associate, the value of the interest is written off to nil. No further losses are then recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4c) Joint operations

Joint operations are arrangements over which the Group exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation), and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportional consolidation.

(4d) Elimination of transactions on consolidation

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.

Unrealised income transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

(5) Foreign currency

(5a) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances, as well as assets acquired and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the closing date. Foreign currency differences resulting from translation are recognised in the statement of profit or loss.

(5b) Financial statements of foreign operations denominated in foreign currency

The assets and liabilities of foreign operations are translated into euros at the exchange rate prevailing as at the closing date. The revenues and expenses of foreign operations are translated into euros at average exchange rates.

Foreign currency exchange rate differences arising from the translation of a net investment in foreign operations and the associated hedging transactions are recognised as other comprehensive income that after initial recognition are (possibly) reclassified to profit or loss. When an investment is disposed of, the amount transferred to equity is recognised in the statement of profit or loss.

All foreign currency differences arising from foreign operations are presented as separate equity components.

(6) Financial instruments

(6a) Derivative financial instruments

The Group may use interest rate swaps, cross-currency swaps and inflation hedges to hedge its interest-rate, currency and inflation risk exposures arising from corporate and project financing activities. Commodity hedges may also be used in specific cases. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps, cross-currency swaps and inflation hedges are measured at fair value.
The fair value of interest-rate and inflation swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date.

(6b) Non-derivative financial instruments

Non-derivative financial instruments consist of investments in shares and bonds, trade and other receivables, cash and cash equivalents, loans and other financing liabilities, trade payables and other payable items. These instruments are recognised initially at fair value, plus – for instruments that are not recognised at fair value when their value adjustments are recognised in the statement of profit or loss – all directly attributable transaction costs. Thereafter, the current non-derivative financial instruments are measured at amortised cost, using the effective interest method, less impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. The normal purchase and sale of financial assets are accounted for on the Trading date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

(7) Hedges

In principle, hedge accounting is applied to derivative financial instruments, subject to the cash flow hedging guidelines.

The Group may use derivatives to hedge its interest-rate, currency and inflation risks. Changes in the fair value of the derivatives that are classified as cash flow hedges are recognised directly as other comprehensive income that after initial recognition may be reclassified to profit or loss, to the extent that the hedge can be shown to be effective. To the extent that the hedge is ineffective, changes in fair value are recognised under the item Financial income and expense in the statement of profit or loss.

When the hedging instrument is sold or expires, or when the transaction no longer meets the effectiveness criterion, the cumulative gains or losses previously recognised in equity remain there. This amount is amortised over the original term, unless there is no longer an expectation that the hedged future interest and currency payments will occur. In that case, the above-mentioned cumulative gains and losses will be immediately recognised in the statement of profit or loss as a component of financial income and expense.

(8) Revenue

(8a) Sales of goods - mainly residential properties and land

Revenues from the sales of goods - mainly residential properties and land - are carried at the fair value of the payment received or due to be received. Revenues from the sales of goods are recognised in the statement of profit or loss if the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the amount receivable will be collected, the associated costs can be reliably estimated, there is no continued management involvement with the goods, and the amount of the revenues can be reliably determined.

The transfer of risks and rewards varies depending on the conditions in the associated sales contract. The sale of residential construction projects generally plural the transfer of risks and rewards when the purchase or contracting agreement is signed, and subsequently in proportion to progress with the construction work. Revenues from these residential construction projects are recognised in the statement of profit or loss in proportion to the extent of project completion (see accounting principle 15b). Expected losses are recognised immediately in the statement of profit or loss.

(8b) Work in progress - projects

The revenue and costs agreed in relation to work in progress are recognised in the statement of profit or loss in proportion to the stage of completion of the project.

The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs. If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue. Expected project losses are recognised immediately in the statement of profit or loss.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

(8c) Rental income

Rental income from a investment property is recognised in the statement of profit or loss in proportion to the term of the lease.

(8d) PPP contracts

Revenues from Public-Private Partnership (PPP) contracts concern revenues from construction and operation. Revenues from construction are recognised in the same way as revenues from work in progress (see accounting principle 8b). Revenues from operations are recognised when the related services are delivered.

(8e) Services

Revenues from services are recognised in the statement of profit or loss in proportion to stage of completion of the transaction on the reporting date. The stage of completion is determined from assessments of the work already carried out.

(9) Other operating income

Grants

Grants that compensate the Group for expenses incurred are always recognised as revenue in the statement of profit or loss in the same periods in which the corresponding expenses are recognised.

(10) Expenses

(10a) Costs of sales

Costs of sales are the costs of sales that are not charged to projects.

(10b) Administrative expenses

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

(10c) Lease payments under operating leases

Lease payments made under operating leases are recognised in the statement of profit or loss, evenly spread over the term of the lease.

(10d) Lease payments under financial leases

Lease payments made under financial leases are apportioned between the financial expense and the reduction of the outstanding liability. The financial expense is allocated to each period during the total lease term so as to produce a constant periodic rate of interest on the remaining term of the liability.

(10e) Financial income and expense

Net financing costs comprise interest payable on borrowings and financial lease commitments, dividends on cumulative preference shares, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses, as well as gains and losses on hedging instruments that are recognised in the statement of profit or loss (see accounting principle 7).

Financing expenses that can be directly allocated to the acquisition, construction or production of an asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of a financial lease payment is recognised in the statement of profit or loss and is calculated using the effective interest method.

(11) Tax expense

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax asset or liability is not recognised for non-deductible goodwill, assets and liabilities whose initial recognition does not affect accounting or taxable profit, or differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the closing date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the

same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.
Tax expense recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity. In that case, the tax expense is recognised in equity.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the closing date, as well adjustments to tax payable in respect of previous years.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional tax expensees that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(12) Property, plant and equipment

(12a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting principle 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

If elements of an item of property, plant or equipment have different useful lives, the component method is applied.

(12b) Leased assets

Leases for which the Group takes on substantially all the risks and rewards of ownership, are classified as financial leases. The leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairments (see accounting principle 20).

(12c) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to profit or loss when these are incurred.

(12d) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3 - 10 years
- Machinery: 5 - 10 years
- Installations: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

(13) Intangible assets

(13a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see accounting principle 20).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit or loss.

(13b) Other intangible assets

The intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated depreciation and accumulated impairments.

(13c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the closing date to determine whether there are any impairments. The other intangible assets are amortised through profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting principle 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5 - 20 years
- Order book: 4 years
- Sand quarry concession: 5 - 15 years
- Brand: 5 - 10 years

(13d) Expenses after initial recognition

Expenditure on intangible assets, other than goodwill, is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other items of expenditure are recognised costs in the statement of profit or loss when these are incurred.

(14) Investments

(14a) Investment property

Investment property is property held to earn rental income and/or for capital appreciation. Investment property is measured at cost, less accumulated depreciation and impairment losses. Only costs that can be directly allocated to the acquisition are taken into account. The cost of self-constructed assets include the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. Rental income from investment property is accounted for as described in principle 8.

If a property investment is in use by the Group, it is reclassified as property, plant and equipment.

(14b) Depreciation of investment property

Depreciation of investment property is recognised in the statement of profit or loss, using the straight-line depreciation method over the estimated useful life of each part of the statement of profit or loss, and taking account of residual value. The useful life is the same as that for the categories of property, plant and equipment, as specified in principle 12.

(14c) Other investments

These are measured at amortised cost using the effective interest method, less impairments.

(15) Inventories

(15a) Strategic land portfolio

The strategic land portfolio represents the reported land holdings that are managed centrally in the Company's strategic land portfolios. These holdings are acquired and held for future property development. The interest and development costs for land portfolios that are under development are capitalised. Land holdings are measured at cost or net realisable value if lower.

(15b) Residential properties in preparation or under construction

Sold

Residential construction projects where the buyers only have limited influence on the main elements in the design of the assets are recognised under inventories. Contracts with buyers concern purchase-/contracting agreements that have been formulated in a way that land is initially bought after which subsequently the building constructed. By accession, everything that is built on the land is the property of the purchaser. Moreover, the purchase price is fixed in advance, so that the economic risk of an increase or decrease in value is borne by the buyer. The transfer of risks and benefits therefore occurs continually during the progress of the project. Revenue and results are thus accounted for in proportion to project progress - in accordance with IFRIC 15 – and valuation is made in the same way as for construction work in progress (see accounting principle 16). Progress is measured according to billing progress, as this is linked to previously established phases.

Unsold
Unsold residential properties are measured at cost, or at the net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale.

Development and construction rights are also recognised under residential properties in preparation or under construction.

(15c) Other inventories
Other inventories includes land and premises for sale, raw materials and consumables, inventories in production and finished products.

Inventories are measured at cost, or at net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business operations, less the estimated costs of completion and the costs of sale. The cost of inventories is based on the first in, first out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to their current location and current condition. The cost of inventories includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and property held for sale are also recognised under inventories. This concerns land and premises that have been technically delivered as developed but which on the closing date were not sold to third parties. The inventories of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-offs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(16) Work in progress

Construction work in progress concerns projects commissioned by third parties. These are measured at cost plus profit recognised to date (see also principle 8), in proportion to the progress of the project, less expected losses and progress billings. Total expected project losses, if any, are directly recognised as expenses in the relevant period. Cost includes all costs that relate directly to the projects.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that these will generate revenue and can be reliably determined.

Interest and development costs for construction work in progress are only capitalised if the asset is under construction. If no construction activities are carried out over an extended period, the interest and development costs are no longer capitalised.

The preliminary costs and the design and development costs of major projects are capitalised as work in progress if the following conditions are met:
- the costs can be separately identified;
- the costs can be reliably determined;
- it is probable that the project will be awarded;
- and there is no longer any competition as regards the awarding of the project.

If any of these requirements is not fulfilled, the costs are charged to the result for the period in which these are incurred. Costs, once expensed in the statement of profit or loss in the period in which these are incurred, are not subsequently capitalised if the project is awarded.

The profit capitalised on work in progress is based on the estimated final result, taking into account the percentage of progress on this specific work. The progress percentage is calculated as the ratio between the costs incurred to date and the total expected costs, on a project-by-project basis.

(17) Trade and other receivables

Trade and other receivables are estimated at amortised cost less impairment losses due to the risk of non-collection.

(18) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits with an original term of a maximum of three months. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows.

(19) Assets held for sale and discontinued operations

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will be realised mainly by means of a sale transaction and not through continued use, are classified as "held for sale or distribution". Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting policies. The assets or group of assets to be disposed of are generally valued at the carrying amount or the fair value less sale costs, if lower. Any impairment loss on a group of assets held for sale is firstly allocated to goodwill and then pro rata to the remaining assets and liabilities, with the notion that impairment losses are not allocated to inventories, financial assets, deferred tax assets, employee benefits or investment property, all of which are valued in accordance with the Group's accounting policies. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit or loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary company that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit or loss are adjusted for as if the operation had been discontinued starting from the beginning of the comparative period.

(20) Impairments

The carrying amount of the Group's assets, excluding work in progress (see accounting principle 16), inventories (see accounting principle 15) and deferred tax assets (see accounting principle 11), are reviewed at each closing date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets with an unlimited useful life and intangible assets that are not yet ready for use, the fair value is estimated at the closing date.

An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its realisable value. Impairments are recognised in the statement of profit or loss.

Impairments recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

(20a) Determination of recoverable value

The recoverable value of an asset is equal to the higher of the fair value minus cost to sell and the value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

(20b) Reversal of impairments

An impairment relating to securities held to maturity or assets measured at amortised cost is reversed if the increase in fair value subsequent to recognition of the impairment can be objectively linked to an event that occurred after the impairment was recognised.

An impairment in respect of goodwill is never reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(21) Share capital

(21a) Costs of issuing ordinary shares
Costs directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

(21b) Repurchase of own shares
If shares representing capital that is recognised as equity in the balance are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(21c) Dividend
Dividends are recognised as a liability in the period in which these are declared.

(22) Interest-bearing loans

(22a) Financing of preference share capital
Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit or loss.

(22b) Loans
Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Subsequently, these are measured on an amortised cost basis. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

(23) Employee benefits

(23a) Defined contribution plans
Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

(23b) Defined benefit plans
The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the closing date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit or loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

(23c) Long-term employee benefits
The Group's net liability in respect of long-term employee benefits, other than pension plans, is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as jubilee payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the closing date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

(23d) Severance payments

Severance payments are recognised as an expense if the Group has shown that it has committed itself to terminating the employment contract of an employee or group of employees before the normal retirement date by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

(24) Provisions

A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

(24a) Warranties

A provision for warranties is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period. The provision is based on specific claims, weighting all possible outcomes by their probability of occurrence.

(24b) Restructuring

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

(24c) Environment

A provision for restoration of contaminated land is formed in accordance with the Group's environmental policy and applicable legal requirements.

(24d) Onerous contracts

A provision for onerous contracts is recognised if the Group expects to receive benefits from a contract that are lower than the unavoidable costs of meeting the contractual obligations. Provisions are valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract. Where appropriate, the Group recognises impairment losses on any assets associated with the contract prior to forming the provision.

(25) Trade and other payables

Trade and other payables are recognised at amortised cost.

(26) Statement of cash flows

The statement of cash flows is prepared using the indirect method. The liquidity item in the statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand.

(27) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infrastructure.

6. Segment reporting

x € 1.000

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infrastructure, in line with the management conducted by the Executive Board. With the use of the centralised management model, which led in 2014 to further integration of the foreign operations and a correspondingly revised internal reporting structure, Germany and Belgium are no longer considered as a separate segment in 2014. Most of the operations in Germany and Belgium were transferred to the Infrastructure segment. The residential-building operations in Belgium were transferred to the operating segment Residential Building. The comparative figures for 2013 have been restated in accordance with the segmantation changes. The segments are managed primarily on the basis of operational results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Summary statement of profit or loss by business segment

2014 **Business segments**	Property development	Residential building	Non-residential	Infrastructure	Other	Eliminations	Total
Revenue							
Third parties	178.556	201.638	370.061	1.116.758	643		1.867.656
Intercompany	-	97.733	17.817	23.976	75.829	-215.355	0
Total Revenue	**178.556**	**299.371**	**387.878**	**1.140.734**	**76.472**	**-215.355**	**1.867.656**
Operating result	**-14.693**	**1.764**	**-16.256**	**-24.599**	**-9.765**	**-**	**-63.549**
Financial income							5.903
Financial expense							-11.024
Result of joint ventures and associates	2.960		97	3.522	-53		6.526
Result before tax							**-62.144**
Tax expense							14.851
Result after tax							**-47.293**

2013 **Business segments**	Property development	Residential building	Non-residential	Infrastructure	Other	Eliminations	Total
Revenue							
Third parties	155.946	230.720	412.990	1.153.475	47.974		2.001.105
Intercompany	-	90.285	52.551	38.911	50.574	-232.321	0
Total Revenue	**155.946**	**321.005**	**465.541**	**1.192.386**	**98.548**	**-232.321**	**2.001.105**
Operating result	**-4.048**	**-5.610**	**345**	**30.093**	**-8.896**	**-**	**11.884**
Financial income							3.181
Financial expense							-6.688
Result of joint ventures and associates	-3.806		-76	2.899	107		-876
Result before tax							**7.501**
Tax expense							-5.644
Result after tax							**1.857**

x € 1.000

Summary statement of financial position and analysis by business segment

2014 **Business segments**	Property development	Residential building	Non-residential	Infrastructure	Other	Eliminations	Total
Assets	404.813	113.741	161.376	557.021	769.842	-833.088	1.173.705
Not allocated							30.985
Total assets	**404.813**	**113.741**	**161.376**	**557.021**	**769.842**	**-833.088**	**1.204.690**
Liabilities	60.480	106.567	163.104	451.109	30.806	-23.910	788.156
Not allocated							157.258
Total liabilities	**60.480**	**106.567**	**163.104**	**451.109**	**30.806**	**-23.910**	**945.414**
Equity							**259.276**
Total equity and liabilities							**1.204.690**
Property, plant and equipment							
Depreciation	-	366	-	9.291	12.113		21.770
Investments	0	294	-	7.151	10.273		17.718
Intangible assets							
Amortisation	-	-	1.022	481	-		1.503
Joint ventures and associates							
Carrying amount	54.516	-	98	17.809	416		72.839

x € 1.000

2013 **Business segments**	Property development	Residential building	Non-residential	Infrastructure	Other	Eliminations	Total
Assets	414.167	97.589	176.121	554.939	768.856	-822.533	1.189.139
Not allocated							13.670
Total assets	**414.167**	**97.589**	**176.121**	**554.939**	**768.856**	**-822.533**	**1.202.809**
Liabilities	46.525	96.826	160.882	396.145	28.220	-19.604	708.994
Not allocated							180.793
Total liabilities	**46.525**	**96.826**	**160.882**	**396.145**	**28.220**	**-19.604**	**889.787**
Equity							**313.022**
Total equity and liabilities							**1.202.809**
Property, plant and equipment							
Depreciation	-	429	24	10.496	11.458		22.407
Investments	-	-	-	4.834	10.423		15.257
Intangible assets							
Amortisation	-	-	1.022	184	-		1.206
Joint ventures and associates							
Carrying amount	32.631	-	-	17.573	371		50.575

Transactions between business segments are conducted at arm's length terms that are comparable to those for transactions with third parties.

By the nature of its operations, the Infrastructure segment is highly dependent on public sector contracts.

External revenues break down by country as follows:

	2014	2013
Netherlands	1.387.044	1.457.763
Belgium	220.658	237.462
Germany	259.954	305.880
Total	**1.867.656**	**2.001.105**

x € 1.000

Underlying operating result by business segment

2014 In € millions	Property development	Residential building	Non-residential	Infrastructure	Other	Total
Underlying operating result	**4,3**	**1,8**	**-0,4**	**-8,8**	**-9,3**	**-12,4**
Operating result of joint ventures	-5,2		-0,1	-2,9	-0,1	-8,3
Write-downs of property	-13,7					-13,7
Reorganisation costs	-0,1		-15,7	-12,9	-0,4	-29,1
Other	0,0	0,0	0,0	0,0	0,0	0,0
Total exceptional items	-19,0	0,0	-15,8	-15,8	-0,5	-51,1
Operating result	**-14,7**	**1,8**	**-16,2**	**-24,6**	**-9,8**	**-63,5**

2013 In € millions	Property development	Residential building	Non-residential	Infrastructure	Other	Total
Underlying operating result	**1,4**	**-3,0**	**2,3**	**34,7**	**-12,3**	**23,1**
Operating result of joint ventures	1,9			-2,8		-0,9
Write-downs of property	-7,0					-7,0
Reorganisation costs	-0,4	-2,6	-2,0	-1,8	-0,8	-7,6
Release of pension reserve					4,3	4,3
Other	0,0	0,0	0,0	0,0	0,0	0,0
Total exceptional items	-5,5	-2,6	-2,0	-4,6	3,5	-11,2
Operating result	**-4,1**	**-5,6**	**0,3**	**30,1**	**-8,8**	**11,9**

By underlying operating result, the Group means the the operating result adjusted for the operating result of joint ventures, write-downs of investment properties and strategic land portfolios and reorganisation costs, write-downs of goodwill, exceptional releases from the pension reserve, and, if applicable, other non-operaing results disclosed in the table above that the Group considers as exceptional items. The underlying operating result also applies as a basis for covenant reporting the the consortium.

6.2 Sale of associate

Sale of associate Brabo I

In June 2014, Heijmans sold all its shares in Brabo I N.V. to DG Infra+. Heijmans had a 20.8% interest in Brabo I N.V., which had been recognised as an associate. The sale price of €7 million was paid in cash. At the time of sale, the result of Brabo I N.V. after tax was less than €0.1 million (Heijmans' interest). The gain of €3 million on the sale of the shares in Brabo I N.V. was recognised as financial income.

x € 1.000

6.3 Other operating income

Other operating income	2014	2013
Gain on sale of non-current assets	2.145	1.999
Miscellaneous	1.113	1.531
	3.258	**3.530**

The gain on the sale of non-current assets concerns the sale of machinery and equipment.

6.4 Employee expenses, depreciation, and research and development expenses

The employee expenses recognised in the statement of profit or loss break down as follows:

Employee expenses	2014	2013
Wages and salaries	-369.651	-389.216
Compulsory social insurance contributions	-79.995	-81.172
Defined contribution plans	-27.726	-27.511
Defined benefit plans and jubilee payments	190	3.445
	-477.182	**-494.454**

The statement of profit and loss includes an amount of approximately €29 million (2013: €8 million), of which €25 million relates to reorganisation provisions that were formed in 2014 and €4 million to expenses related to idle work-force which are deemed to be directly related to the reorganisation provisions in 2014.

The number of employees at year-end 2014 was 5,255 in the Netherlands (2013: 5,297), 945 in Belgium (2013: 1,057), and 1,006 in Germany (2013: 1,091).

x € 1.000

Depreciation and amortisation recognised in the statement of profit or loss break down as follows:

Depreciation	2014	2013
Depreciation of property, plant and equipment	-21.770	-22.407
Deprecation of investment property	-198	-247
Amortisation of intangible assets	-1.503	-1.206
	-23.471	**-23.860**

Depreciation of property, plant and equipment and of investment property is included in the cost of sales and administrative expenses. Amortisation of intangible assets is recognised under other operating expenses.

Costs for research and development	2014	2013
	-2.557	**-1.243**

Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the above figures.

6.5 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses	2014	2013
Amortisation of intangible assets	-1.503	-1.206
	-1.503	**-1.206**

The amortisation of intangible assets includes, among other things, the customer base and concessions for sand quarries.

x € 1.000

6.6 Financial income and expense

Net financing costs break down as follows:

Financial income and expense	2014	2013
Interest income	2.989	3.181
Gain on sale of associate	2.914	-
Financial income	**5.903**	**3.181**
Interest expense	-11.071	-10.136
Exceptional write-down of loan	-2.000	-
Capitalised financing costs	2.047	3.448
Financial expense	**-11.024**	**-6.688**
	-5.121	**-3.507**

The cumulative financial expense amounts to €5.1 million for 2014 is €1.6 million above the figure for 2013, €3.5 million.

The interest and development costs for land portfolios that are under development are capitalised. The interest rate used for determining the financing costs to be capitalised is 4.25% for 2014 (2013: 4.0%).
The capitalised interest expense was lower in 2014 than in 2013.

Financial income for 2014 includes the gain of €3 million on the sale of the associate Brabo I (see note 6.2).
The financial expense item includes an exceptional write-down of a loan granted to a previously sold subsidiary.

The average rate of interest in 2014 was virtually the same as the rate in 2013. For a summary of the interest rates, see note 6.21.

x € 1.000

6.7 Tax expense

Recognised in the statement of profit or loss	2014	2013
Current tax charges or credits		
Current financial year	-4.101	-4.729
Prior financial years	327	50
Amount of the positive effect of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	76	128
	-3.698	**-4.551**
Deferred tax charges or credits		
Relating to temporary differences and losses recognised in the current financial year	17.755	-1.093
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	94	-
Relating to adjustments for prior years	700	-
	18.549	**-1.093**
Total tax charge/-credit in the statement of profit or loss	**14.851**	**-5.644**

x € 1.000

Analysis of the effective tax rate	**2014** %	**2014** €	**2013** %	**2013** €
Result before tax		**-62.144**		**7.501**
Based on local tax rate	25,0%	15.536	25,0%	-1.874
Effect of foreign tax rates	-1,9%	-1.108	17,0%	-1.277
Non-deductible expenses	-3,3%	-2.012	32,5%	-2.437
Non-taxable revenues	3,4%	2.101	-4,0%	300
Losses not recognised in current financial year / write-off of losses previously recognised	-2,0%	-1.243	15,6%	-1.169
Effect of utilising losses available for set-off	1,2%	723	-10,7%	806
Effect of losses, receivables or temporary differences not previously recognised	0,7%	453	0,9%	-65
Effect of write-offs and reversals of write-offs of deferred tax assets	0,0%	24	0,0%	0
Effect of adjustments to estimates for prior years	0,6%	377	-1,0%	72
Total tax rate	**23,9%**	**14.851**	**75,2%**	**-5.644**

The effective tax rate for 2014 is 23.9% (2013: 75.2%).

The main differences between the profit calculated for financial purposes and that for tax purposes concern the non-deductible interest charges relating to the cumulative preference shares, general limits on expense deductions in the various jurisdictions and the exempt gain on the sale of the associate Brabo I.

x € 1.000

6.8 Income tax receivables and payables

	31 December 2014		31 December 2013	
Geographical segment	**Receivables**	**Payables**	**Receivables**	**Payables**
Netherlands	51	62	53	175
Belgium	366	3.873	16	1.521
Germany	638	177	954	408
	1.055	**4.112**	**1.023**	**2.104**

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of prospective and retrospective rules for the set-off of losses.

x € 1.000

6.9 Property, plant and equipment

Cost	Land and buildings	Machinery, installations and large-scale equipment	Other capital assets	Operating assets under construction	Total
Value at 1 January 2013	**92.162**	**105.637**	**143.006**	**6.133**	**346.938**
Investments	1.004	3.249	11.004	0	15.257
Disposals	-9.417	-8.687	-28.790	-1.863	-48.757
Included in consolidation	154	0	2.694	0	2.848
Reclassifications	73	-206	1.064	-931	0
Balance at 31 December 2013	**83.976**	**99.993**	**128.978**	**3.339**	**316.286**
Balance at 1 January 2014	**83.976**	**99.993**	**128.978**	**3.339**	**316.286**
Investments	326	3.801	10.047	3.544	17.718
Disposals	-273	-12.678	-17.318	0	-30.269
Reclassifications	85	1.403	0	-2.522	-1.034
Balance at 31 December 2014	**84.114**	**92.519**	**121.707**	**4.361**	**302.701**
Depreciation and impairment losses					
Balance at 1 January 2013	**48.365**	**71.715**	**108.597**	**522**	**229.199**
Depreciation	4.345	7.735	10.327	-	22.407
Disposals	-6.792	-8.452	-25.286	-522	-41.052
Included in consolidation	80	0	2.279	-	2.359
Reclassifications	0	-1.045	1.045	-	0
Balance at 31 December 2013	**45.998**	**69.953**	**96.962**	**0**	**212.913**
Balance at 1 January 2014	**45.998**	**69.953**	**96.962**	**0**	**212.913**
Depreciation	4.420	7.067	10.283	-	21.770
Disposals	-117	-8.995	-15.255	0	-24.367
Reclassifications	-144	0	0	0	-144
Balance at 31 December 2014	**50.157**	**68.025**	**91.990**	**0**	**210.172**
Carrying amount					
At 1 January 2013	43.797	33.922	34.409	5.611	117.739
At 31 December 2013	37.978	30.040	32.016	3.339	103.373
At 1 January 2014	37.978	30.040	32.016	3.339	103.373
At 31 December 2014	**33.957**	**24.494**	**29.717**	**4.361**	**92.529**

x € 1.000

Property, plant and equipment valued at €2.4 million (2013: €2.7 million) have been leased under financial lease agreements. Of this amount, €2.1 million relates to land and buildings, and €0.3 million to machinery, installations and large-scale equipment. The leased assets serve as security for the lease commitments. The future minimum lease payments amount to €0.7 million in 2015 and €1.1 million in 2016 to 2020 inclusive.

The carrying amount for assets under construction includes an amount of €3.1 million for expenses during the financial year, mainly relating to materials.

At the closing date, the contractual obligations for the acquisition of property, plant and equipment amounted to €4 million.

6.10 Intangible assets

Intangible assets consist of goodwill and identified intangible assets.

Cost	Goodwill	Identified intangible asset	Total
Balance at 1 January 2013	**181.066**	**48.119**	**229.185**
Investments	2.510	240	2.750
Value at 31 December 2013	183.576	48.359	231.935
Investments	0	0	0
Balance at 31 December 2014	**183.576**	**48.359**	**231.935**

Impairment losses and amortisation	Goodwill	Identified intangible asset	Total
Balance at 1 January 2013	**86.552**	**28.756**	**115.308**
Amortisation	-	1.206	1.206
Value at 31 December 2013	86.552	29.962	116.514
Value at 1 January 2014	86.552	29.962	116.514
Amortisation	-	1.503	1.503
Balance at 31 December 2014	**86.552**	**31.465**	**118.017**

x € 1.000

Carrying amount	Goodwill	Identified intangible asset	Total
At 1 January 2013	94.514	19.363	113.877
At 31 December 2013	97.024	18.397	115.421
At 1 January 2014	97.024	18.397	115.421
At 31 December 2014	**97.024**	**16.894**	**113.918**

The composition of the carrying amount for goodwill and identified intangible assets at year-end 2014 is as follows:

Acquisition	Goodwill	Identified intangible asset
IBC (NL-2001)	21.207	-
Burgers Ergon (NL-2007)	31.107	12.297
Oevermann (DU-2007)	26.970	237
Other	17.740	4.360
Carrying amount at 31 December 2014	**97.024**	**16.894**

The other identified intangible assets of Other acquisitions are mainly concessions for sand quarries.

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the realisable value, see the accounting policies above.

The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation ranged from 11% to 12% (2013: from 10% to 11%), corresponding to a discount rate of 9.1% (2013: 8.3%).

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, use is made of the medium to long-term planning for the relevant cash-flow generating unit. The assumptions underlying the medium to long-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of five years. Cash flows after five years are extrapolated using growth rates not exceeding 2%.

The realisable value calculated for the impairment test is dependent on the growth rate used and the period over which the cash flows are realised.

The amortisation of identified intangible assets and the impairment losses relating to goodwill are classified in the statement of profit or loss under “Other operating expenses”.

x € 1.000

The expected cash flows are discounted using a pre-tax WACC varying between 11% and 12%. If the pre-tax WACC had been 1 percentage point higher, this would not have resulted in a impairment. Cash flows after five years are extrapolated using growth rates not exceeding 2%. If this maximum were 1 percentage point lower, this would not result in an impairment.

The cash-flow generating unit Non-Residential – to which the goodwill and identified intangible assets of Burgers Ergon and the majority of the goodwill for IBC is allocated, in total €63 million, – is sensitive to changes in the assumptions, whereby the realisable value could be lower than the carrying amount. According to the impairment test, the carrying value of the cash-flow generating unit Non-Residential is currently some €138 million higher than the carrying value. One significant factor in this context is the change in the EBIT margin. For the test, the EBIT margin was assumed to grow to between 3% and 4% of revenue. If the EBIT margin were nil, the realisable value would be equal to the carrying amount. The change in the funding status of projects is another important factor.

The realisable value of the cash-flow generating unit Oevermann is now approximately €50 million higher than its carrying amount. This value is sensitive to certain factors. One significant factor in this context is the change in the EBIT margin. For the test, the EBIT margin was estimated to grow to between approximately 2% and 3% of revenue. Another major factor is the expected settlement of debtor positions.

x € 1.000

6.11 Investment property

Cost	2014	2013
Balance at 1 January	8.249	8.249
Disposals	-6.760	-
Reclassifications	1.034	-
Balance at 31 December	**2.523**	**8.249**

Depreciation and impairment	2014	2013
Balance at 1 January	2.413	2.166
Disposals	-2.282	-
Depreciation	198	247
Reclassifications	144	-
Balance at 31 December	**473**	**2.413**

Carrying amount	2014	2013
At 1 January	5.836	6.083
At 31 December	**2.050**	**5.836**

If the investment property is measured at fair value, its value would be approximately €2.8 million. The fair value is mainly determined on the basis of internal appraisals.

The following amounts relating to investment property have been recognised in the statement of profit or loss:

	2014	2013
Rental income	259	233
Direct operating expenses that:		
- generated rental income	-231	-201
- generated no rental income	-29	-136

The future minimum lease payments arising from operating leases that cannot be cancelled in the periods subsequent to the closing date total €0.5 million. €0.1 million of this relates to 2015, €0.3 million relates to the period 2016 to 2020 inclusive, and €0.1 million relates to 2021 or later.

x € 1.000

6.12 Joint ventures and associates

The statement of financial position item joint ventures and associates breaks down as follows:

	2014	2013
Joint ventures	69.233	46.950
Associates	3.606	3.625
	72.839	**50.575**

Joint ventures

Together with 3i Investments plc. (formerly 3i Infrastructure Funds Management) the Group has been participating since June 2013 in the joint venture Heijmans Capital B.V. for the financing of DBFMO (design, build, finance, maintain, operate) projects. The focus of the collaboration is on sharing risk-bearing capital and knowledge required for such projects, from the tendering phase onwards. The project for the National Military Museum was transferred to the joint venture at the time of formation. In 2014, Heijmans Capital took on part of the funding for the projects A9-Gaasperdammerweg, RIVM-Utrecht Science Park/De Uithof and A12-Veenendaal-Ede-Grijsoord.3i Investments plc.s' share in Heijmans Capital B.V is 80% and Heijmans' share in Heijmans Capital B.V. is 20% (2013: 20%). This joint venture is of strategic importance for Heijmans and the share is classified as a material interest.

The figures presented below were extracted from the financial statements of Heijmans Capital, prepared in accordance with the Group's accounting policies. Also shown below is the reconciliation of the Group's interest with equity.

x € 1.000

	2014		2013	
Revenue	49.222		25.104	
Operating result	365		147	
Financial income	3.700		1.076	
Financial expense	-4.369		-762	
Result before tax		**-304**		**461**
Tax expense		92		-115
Result after tax		**-212**		**346**
Unrealised changes in the fair value of cash flow hedges		-4.020		643
Comprehensive income		**-4.232**		**989**
20% share of result after tax		**-42**		**69**
20% share of other comprehensive income		**-804**		**129**
Non-current assets		67.881		27.416
Cash and cash equivalents	5.638		2.181	
Other current assets	15.885		20.253	
Total current assets		**21.523**		**22.434**
Non-current financial liabilities	67.724		22.004	
Other non-current liabilities	13		227	
Total non-current liabilities		**67.737**		**22.231**
Current financial liabilities	8.200		16.600	
Other current liabilities	14.336		7.630	
Total current liabilities		**22.536**		**24.230**
Net amount		**-869**		**3.389**
20% share of equity		**-174**		**678**

The Group received no dividend from Heijmans Capital in 2014 (2013: nil).

x € 1.000

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, inclusive equity is shown below.

	2014	2013
Interest in the capital of Heijmans Capital	-174	678
Interest in the capital of Property Development joint ventures	54.291	32.595
Interest in the capital of other joint ventures	15.116	13.677
	69.233	46.950

The amounts below are the Group's shares of the results of joint ventures.

	2014	2013
Share of the net result of Heijmans Capital	-42	69
Share of the net result of Property Development joint ventures	2.979	-3.786
Share of the net result of other joint ventures	2.532	2.048
	5.469	-1.669

The Property joint ventures in which the group participates achieved revenue of €30 million in 2014 (2013: €10 million). In total, these have inventories of €127 million (2013: €121 million), mainly relate to a strategic land portfolio. The aforementioned amounts relate to Heijmans' share.

In a number of joint ventures, there are limits on the payout of dividend, often depending on the preference specified for repayment of the debts of the joint ventures concerned.

The group has unrecognised commitments relating to joint ventures totalling €4 million (2013: €8 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitment and contingent liabilities disclosed in notes 6.26, 6.27 and 6.28, the Group has no commitment and contingent liabilities relating to joint ventures.

Associates

The amounts shown below concern the interests of the Group in the equity and results of associates:

	2014	2013
Interests in the equity of associates	3.606	3.625
Interests in the net results of associates	1.057	793
Share of other comprehensive income of associates	-540	0

x € 1.000

6.13 Other investments

	2014	2013
Non-current receivables	26.661	37.213
Other long-term receivables and investments	4.343	4.428
Balance at 31 December	**31.004**	**41.641**

The non-current receivables mainly concern loans granted to property development joint ventures.

6.14 Deferred tax assets and liabilities

The balance of the deferred tax assets and liabilities relating to temporary differences between the value for tax purposes and for financial reporting purposes of statement of financial position items, and the value of the tax loss carry-forwards can be broken down as follows:

	Receivables 31 December		Liabilities 31 December		Net value 31 December	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Property, plant and equipment	-	-	1.375	1.678	-1.375	-1.678
Intangible assets	-	-	7.697	7.420	-7.697	-7.420
Land and strategic land portfolio	-	-	7.604	7.563	-7.604	-7.563
Work in progress	-	-	65	3.635	-65	-3.635
Employee benefits	-	-	2.680	1.980	-2.680	-1.980
Provisions	-	-	172	172	-172	-172
Other items	-	-	1.207	290	-1.207	-290
Value of recognised loss carry-forwards	43.004	25.243	-	-	43.004	25.243
Deferred tax assets and liabilities	**43.004**	**25.243**	**20.800**	**22.738**	**22.204**	**2.505**
Set-off of deferred tax assets and liabilities	-15.720	-15.716	-15.720	-15.716	-	-
Net deferred tax assets and liabilities	**27.284**	**9.527**	**5.080**	**7.022**	**22.204**	**2.505**

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2014 breaks down as follows:

	Net value at 31 December 2013	Recognised in tax expense	Recognised in equity	Included as effect of deconsolidation and consolidation recognised in 2014	Net value at 31 December 2014
Property, plant and equipment	-1.678	287	14	2	-1.375
Intangible assets	-7.420	-277	-	-	-7.697
Land and strategic land portfolio	-7.563	-41	-	-	-7.604
Work in progress	-3.635	3.570	-	-	-65
Employee benefits	-1.980	-1.834	1.134	-	-2.680
Provisions	-172	0	-	-	-172
Other items	-290	-917	-	-	-1.207
Value of recognised loss carry-forwards	25.243	17.761	-	-	43.004
Total	**2.505**	**18.549**	**1.148**	**2**	**22.204**

The movement in the statement of financial position of the deferred tax assets and liabilities in 2013 breaks down as follows:

	Net value at 31 December 2012	Recognised in tax expense	Recognised in equity	Included as effect of deconsolidation and consolidation recognised in 2013	Net value at 31 December 2013
Property, plant and equipment	-3.528	1.878	-	-28	-1.678
Intangible assets	-6.444	-976	-	-	-7.420
Land and strategic land portfolio	-6.738	-825	-	-	-7.563
Work in progress	-4.669	939	-	95	-3.635
Interest-bearing loans and other non-current financing liabilities	500	-1.319	-5	824	0
Employee benefits	-3.765	-2.707	4.492	-	-1.980
Provisions	-42	-130	-	-	-172
Other items	273	-563	-	-	-290
Value of recognised loss carry-forwards	22.614	2.610	-	19	25.243
Total	**-1.799**	**-1.093**	**4.487**	**910**	**2.505**

x € 1.000

Measurement of deferred tax assets

As at year-end 2014, the loss carry-forward is €43.0 million, of which €36.1 million relates to the loss carry-forward of the fiscal unity. This loss carry-forward has been set off against the fiscal unity's deferred tax liabilities. Breaking this loss down shows that €1.3 million relates to 2009, €1.8 million to 2011, €13.1 million to 2012, €3.6 million to 2013, and €16.3 million to 2014. The loss for 2014 is partly the effect of write-downs of real estate positions and reorganisation costs.

The portion of the loss in 2009 unused at year-end 2014 is available for set off until year-end 2015. Concerning the losses in 2011 to 2014 inclusive, a loss carry-forward period of 9 years applies. A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available that can be utilised towards realising the deferred asset. The forecasts are based on the order book, the 2015 business plan, and the long-term forecast. These also underlie the measurement of the realisable value of goodwill (for impairment tests). For the long-term forecast, the EBIT margin is assumed to grow to between 3% and 4% of revenue. The forecasts of the results before tax up to and including 2019 show that there will be sufficient profits available to set off any tax losses recorded at 31 December 2014. The remaining settlement term is generally longer than the period currrently used, that is, until the end of 2019. Moreover, some possibilities exist to optimise the Group's tax position. A factor inherent in the measurement of the deferred tax assets is that the settlement depends on the realisation of the business plan and the long-term forecasts, which are the Groups best estimates.

The remaining loss carry-forward amounts to €6.9 million, and relates to a number of Belgian operating companies (€1.5million), to Oevermann (€3.0 million) and to Franki (€2.4 million). In principle, losses in Belgium and Germany can be set off against future profits for an indefinite period, subject in Germany to a maximum for the annual profit being used for set-off. Taxable profit of up to €1 million in any year can be used in full for set off. Of taxable profit exceeding €1 million, only 60% can be used for set off.

Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is largely treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries, joint operations or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

The majority of the deferred tax liabilities have a term of more than one year.

Tax losses not recognised in the statement of financial position

At year-end 2014, tax losses not recognised in the statement of financial position amounted to €70.7 million (2013: €79.6 million). The larger part of this relates to a number of subsidiaries in Belgium (€58.4 million). The other unrecognised losses relate to a number of German operating companies (€3.6 million) and to a number of Dutch companies (€8.7million).

x € 1.000

6.15 Inventories

	31 December 2014	31 December 2013
Strategic land portfolio	182.936	211.622
Residential properties in preparation or under construction	81.555	86.047
Raw materials and consumables	17.379	16.105
Finished products	6.425	10.858
Total	**288.295**	**324.632**
Carrying amount of inventories pledged as security	3.925	4.550
Inventories amount recognised as a charge in the period	252.567	244.445
Finished products measured at net realisable value	4.558	7.110

Strategic land portfolio

The strategic land portfolio comprises land holdings that are measured at cost or net realisable value if lower. Net reasible value of an individual land position can be the direct or indirect recoverable value. The net realisable value depends on the realisable manner and timing of realisation. Accordingly, the value is generally derived by using an indirect method for determing the recoverable value. The indirect recoverable value is the estimated revenue in the normal course of business, less the estimated costs of completion and selling. To calculate the present value of the expected cash flows, a discout rate of 6% is often used, unless, thanks to favourable financing terms, a different percentage has been set for a joint arrangement. Setting the discount rate takes into account the expected capital structure, operating risks, and circumstances relating to Heijmans or specifically to the project.

Determining the indirect recoverable value involves the use of judgements and estimates. The strategic land portfolio are affected by several elements of uncertainty, such as demographic changes, location, and details and implementation of development plans and adminstrative decisions, with as local a focus as possible. For each location, the outcome is an expected trend for land and residential property prices, as well as other variables, that ultimately determine the indirect recoverable value. Twice a year, the Group carries out its own assessment of the values of all the land holdings.

In general, the risk of deviations from the judgments and estimates is greater for strategic land holdings without a site allocation plan than for those with one. Moreover, this risk keeps increasing the longer the expected delay is for the start of the development work.

The net realisable value of the strategic land portfolio was calculated in 2014 and compared with the carrying amount. This led to a write-down of €16.5 million and a reversal of an earlier write-down of €2.8 milion concerning a joint venture (2013: write-downs totalling €5.9 million other than concerning joint ventures, and write-downs totalling €1.1 million specifically concerning joint ventures).

x € 1.000

The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of completed residential properties.

The term of the strategic land portfolio is more than 12 months after the closing date. Items in "Residential properties in preparation or under construction" usually have a term of 3 to 5 years as from the closing date. The other items in principle have a term of less than 12 months.

Residential properties in preparation or under construction

Residential properties in preparation or under construction can be analysed as follows:

	2014	2013
Unsold residential properties:		
Costs less provisions for losses and risks	74.494	93.179
Sold residential properties:		
Costs less provisions for losses and risks, plus profits based on percentage of completion	153.256	117.542
less: Progress billings	-146.195	-124.674
Total residential properties in preparation or under construction	**81.555**	**86.047**

Revenues from sales of residential properties in preparation and construction recognised in the reporting period amounted to €0.2 billion (2013: €0.2 billion).

Finished products

€3.4 million (2013: €2.3 million) of the inventories of unsold property (part of the inventories of finished products) is measured at its lower net realisable value.

x € 1.000

6.16 Work in progress

	31 December 2014	31 December 2013
Costs less provisions for losses and risks, plus profits based on percentage of completion	1.616.721	2.060.275
less: Progress billings	-1.633.713	-2.087.871
Balance of work in progress	**-16.992**	**-27.596**
Positive balance of work in progress (recognised under current assets)	167.314	123.970
Negative balance of work in progress (recognised under current liabilities)	-184.306	-151.566
Balance of work in progress	**-16.992**	**-27.596**

The value of work in progress is periodically assessed for each project by the project manager and the manager of the unit concerned. The assessment is mainly based on the information in the project files, the project accounting records and the knowledge and experience of the persons involved. Inherent to the management of the projects is the use of estimations and involvement of the Group during the negotiations and discussions regarding the financial settlement of those projects. This relates mainly to additional invoicing, claims and penalties, as a result the actual results differ from the estimates.

The uncertainty surrounding the above-mentioned estimates increases, for example, to the degree that:
- contract types involving special arrangements mean more risks for the Group. Such is the case with a DC contract, under which the Group accepts the design risk. DBMO contracts also include responsibilty for maintenance and operation.
- projects are at the design stage. When producing a final design from a provisional one, significant changes may be necessary, which can require a positive or negative adjustment to the initial forecast.
- projects are fraught with opportunities and risks during execution. Examples include additional work, claims and unforeseen circumstances that could be for the account of the Group.

Additonal work and claims submitted to clients are recognised if and to the extent that these have been approved, or negotiations with the clients concerned have reached such an advanced stage that it is probable that they will accept the additional work or the claims, and that the amounts can be reliably determined. When determining the amount to be recognised, specific contractual arrangements and the legislation of the contry where a project is being carried out are taken into account.

x € 1.000

For claims and penalties imposed by contractors against Heijmans, because of construction overruns for example, these are recognised if it is likely that these will have an adverse effect.

Bonuses are recognised as revenues from projects in progress if the project is far enough advanced and that it is probable that the performance indicators specified will be met, and that the bonus amount can be reliably determined. If the bonus can only be received after expiration of a predetermined period following completion of the project, then that bonus is only recognised when it is sufficiently probable that the bonus will be received.

The positive balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are greater than the progress billings.

The negative balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are less than the progress billings.

Revenues from work in progress carried out for third parties that were recognised in the reporting period amounted to €1.7 billion (2013: €1.8 billion).

Work in progress generally has a term of less than 12 months.

6.17 Trade and other receivables

	31 December 2014	31 December 2013
Trade receivables	228.654	273.424
Amounts to be invoiced	37.221	33.298
Receivables from joint operations	11.251	9.707
Prepayments	13.832	9.103
Other receivables	19.173	14.772
Total trade and other receivables	**310.131**	**340.304**

Trade receivables are presented after deduction of impairment losses. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2014, a provision of €7.5 million was recognised for impairment of trade receivables (2013: €6.8 million).

Trade and other receivables are mainly short-term.

x € 1.000

6.18 Cash and cash equivalents

	31 December 2014	31 December 2013
Bank balances	70.688	50.742
Cash in hand	4	1
Funds in blocked accounts	3.095	10.270
Total cash and cash equivalents	**73.787**	**61.013**

Of the total cash and cash equivalents, an amount of €16 million (2013: €16 million) is held by joint ventures.

The bank balances include €7 million (2013: €10 million) for payments to German creditors in order to comply with local legislation for the protection of creditors.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

x € 1.000

6.19 Equity

Paid-up and called-up share capital In thousands of ordinary shares	**2014**	**2013**
Outstanding at 1 January	19.349	17.328
Stock dividend	103	262
Share Matching Plan	9	-
Share issue	-	1.759
Outstanding at 31 December	**19.461**	**19.349**

Refer to statement 2b for explanatory notes on the changes in equity, and to the Company financial statements for explanatory notes on the authorised share capital, the statutory reserve for participating interests, the hedging reserve, the appropriation of result, and other figures.

Stockdividend

On 16 May 2014, 102,998 new shares were issued and distributed as stock dividend.

Share Matching Plan

In April 2014, the Group issued 9,171 shares in connection with a conditional allocation becoming unconditional. The allocation had been made in April 2011 to members of the Executive Committee under the Share Matching Plan (see also note 6.29).

x € 1.000

6.20 Earnings per share

Basic earnings per ordinary share

Basic loss per share in 2014 was €2.44 (2013: earnings of €0.10). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares, and on the weighted average of the number of ordinary shares that were outstanding during 2014.

Result attributable to holders of ordinary shares	2014	2013
Result attributable to holders of ordinary shares after tax	**-47.293**	**1.857**

Weighted average number of ordinary shares In thousands of shares.	2014	2013
Ordinary shares outstanding on 1 January	19.349	17.328
Effect of stock dividend 16 May 2014/ 15 May 2013	65	166
Effect of share issue 28 April 2014 under the Share Matching Plan	6	-
Effect of share issue 26 August 2013	-	617
Weighted average number of ordinary shares at 31 December	**19.420**	**18.111**

Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2014 is based on the weighted average number of ordinary shares in 2014, 19,420 thousand, plus the dilution effect of 210 vested option rights and 2,289 shares allocated under the Bonus Investment Share Matching Plan (see note 6.29).

x € 1.000

6.21 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is shown below.

31 December 2014	Non-current portion	Current portion	Total
Cumulative financing preference shares	66.100	-	66.100
Syndicated bank financing	-	-	-
Project financing	866	6.292	7.158
Other non-current liabilities	26.924	600	27.524
Financial lease commitments	1.449	739	2.188
Current account overdrafts with credit institutions	-	2.180	2.180
Total liabilities	**95.339**	**9.811**	**105.150**

31 December 2013	Non-current portion	Current portion	Total
Cumulative financing preference shares	66.100	-	66.100
Syndicated bank financing	-	-	-
Project financing	2.259	11.573	13.832
Other non-current liabilities	26.266	700	26.966
Financial lease commitments	1.921	612	2.533
Current account overdrafts with credit institutions	-	17.620	17.620
Total liabilities	**96.546**	**30.505**	**127.051**

Cumulative financing preference shares

At year-end 2014, 6,610,000 cumulative financing B preference shares were outstanding at €10 a share. The dividend on these shares is 7.9% as of 1 January 2014 and is payable annually, 14 days after the General Meeting of Shareholders. At the General Meeting of Shareholders in April 2014, the shareholders voted in favour of authorising the Executive Board, for a period of 18 months, to repurchase up to 40% of the B financing preference shares in the Company. Subsequently, the amount outstanding on these shares can be reduced over the next few years in accordance with the percentage repurchased by cancelling the shares in question. In line with the adopted resolution, Heijmans' Excutive Board has until the end of 2015 to repurchase up to 40% of the said shares, without incurring additional costs. The dividend will be reassessed on 1 January 2019 and every five years thereafter. The Group has the right to repurchase or cancel these preference shares before their maturity date.

x € 1.000

Syndicated bank financing

The committed and syndicated bank facility of €250 million runs until 31 March 2015, with €231 million of this amount extended until 31 March 2016, and €212 until 31 March 2017. Extending this facility involves a cost of €0.4 million, which has been capitalised. This facility is provided by a bank consortium comprising Rabobank, ING Bank, ABN AMRO Bank, KBC, RBS, Van Lanschot Bankiers and Deutsche Bank. Collateral has been provided for the facility. The credit margin on this facility ranges from 1.5% to 2.0%, depending on the leverage ratio. None of this facility was being used at year-end 2014. The conditions agreed are a (recourse) leverage ratio not exceeding 3 and an interest cover ratio of at least 3, both to be tested every six months. In principle, if the conditions are violated, drawings under the facility are repayable immediately on demand. The Executive Board actively monitors compliance with the conditions.

The leverage ratio is calculated as the net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation), based on the net debt and EBITDA definitions agreed with the bank consortium. The interest coverage ratio is calculated as the EBITDA divided by the net interest expense. The definitions of those items include several adjustments as agreed upon with the bank consortium. The key adjustments in relation to the accounting definition of net debt are the reduction by the amount of outstanding cumulative financing preference shares and the financing of certain projects that are negotiated without any guarantee on the part of Heijmans (non-recourse). The main adjustments with respect to the EBITDA in accounting terms concern the capitalised interest, results on the sale of business units, fair value adjustments, reorganisation costs, and operating results of joint ventures. These ratios were met during the reporting year. As the (recourse) net debt was negative at year-end 2014, the (recourse) leverage ratio is not relevant. Interest cover ratio at year-end 2014 was 3.4. The headroom within this ratio was limited as per year-end 2014, mainly owing to the loss of €11.2 million on the Tilburg energy factory project (€2.0 million for the first half of 2014 and €9.2 million for the second half).
An amendment to the credit agreement has been finalised with the bank consortium, whereby a maximised portion of the results relating to the project will be excluded when calculating the covenants (EBITDA) for the test at mid-2015. The credit margin could be increased by up to 1.5% for the second half of 2015. As charge for the amendment, the Group is paying a fee of 0.25%. Considering the new arragement with the financing institutions, the Group expects it can continue operating during the next financial year within the framework of the covenants. Whether the Group will be able to comply with the covenants under which per mid 2015, will partly depend on realising the forecasted EBITDA as set out in the 2015 business plan and the (development of the) working capital position, which is subject to seasonal effects.

Project financing

Project financing is negotiated for specific projects. The redemption schedules for project financing are usually related to the projects' progress. Project financings will expire at the date of completion and/or sale of the projects. The value of the projects concerned, including future positive cash flows from these projects, serves as security. Heijmans N.V. has guaranteed the repayment of principal and/or interest up to an amount of €6 million (2013: €12 million) of the total project financing. Regarding the remaining €1 million (2013: €2 million), this is therefore financed without a guarantee from Heijmans N.V.

x € 1.000

Financial lease commitments

The financial lease commitments relate primarily to equipment in Belgium. The lease commitment is equal to the present value of the debt. The lease payments fall due as follows:

31 December 2014	< 1 year	1–5 years	> 5 years	Total
Lease payments	789	1.507	117	2.413
less: Interest portion	94	129	2	225
Lease commitment	**695**	**1.378**	**115**	**2.188**

31 December 2013	< 1 year	1–5 years	> 5 years	Total
Lease payments	741	1.899	246	2.886
less: Interest portion	129	215	9	353
Lease commitment	**612**	**1.684**	**237**	**2.533**

There were no charges recognised in the financial year for contingent lease payments.

Average interest rate	2014	2013
Cumulative financing preference shares	7,9%	7,3%
Syndicated bank financing	2,9%	3,1%
Project financing	2,6%	2,7%
Other bank financing	2,3%	2,5%
Financial lease commitments	5,0%	5,1%
Other non-current liabilities	3,0%	2,7%

x € 1.000

6.22 Employee benefits

Movement in the liability for defined benefit plans and jubilee payments

	Liability		Fair value of assets		Net liability (net asset) relating to vested pension rights and jubilee payments	
	2014	2013	**2014**	2013	**2014**	2013
Total at 1 January	**368.746**	**356.517**	**366.366**	**360.117**	**2.380**	**-3.600**
Recognised in profit or loss.						
Service cost	544	1.192	-	-	544	1.192
Interest expense/-income	11.540	12.300	11.509	12.610	31	-310
Settlements and curtailments	-1.196	-11.568	-	-6.318	-1.196	-5.250
Recognised in other comprehensive income						
Actuarial result experience	-7.176	2.221	-	-	-7.176	2.221
Actuarial result indexing	78.826	7.363	-	-	78.826	7.363
Actuarial result discount rate	-3.159	13.369	-	-	-3.159	13.369
Actuarial result return on investments	-	-	63.737	5.405	-63.737	-5.405
Contributions and benefits						
Employer contributions	-	-	2.223	7.200	-2.223	-7.200
Employee contributions	-	574	-	574	-	-
Pension and jubilee payments	-13.946	-13.222	-13.946	-13.222	-	-
Total at 31 December	**434.179**	**368.746**	**429.889**	**366.366**	**4.290**	**2.380**

x € 1.000

The total liability arising from defined benefit pension plans and jubilee payments is recognised in the statement of financial position as follows:

	31 December 2014	31 December 2013
Non-current employee-related liabilities	26.731	23.554
Current employee-related liabilities	2.043	4.320
Employee-related receivable	-24.484	-25.494
	4.290	**2.380**

The employee-related receivable concerns a plan that, in accordance with the regulations for valuation in the Pensions Act as specified in the Financial Assessment Framework, is subject to a funding ratio of 107.8%. (See "Stichting Pensioenfonds Heijmans N.V." below.) The receivable is based on the assumption that this closed plan will gradually wind down, and on the conclusion that the Group, as the former employer, will eventually be the sole remaining stakeholder and therefore logically entitled to the final balance.

Liability for defined benefit plans in the Netherlands
The liability for defined benefit plans concerns the liabilities recognised for one company pension fund and approximately 15 plans placed with insurance companies.

Stichting Pensioenfonds Heijmans N.V.
For the portion of salary above the maximum for the industry pension fund, the pension acctual is placed with an insurer. This plan came into effect on 1 January 2012 for new employees. As from 1 January 2013, existing employees have also been accruing pension rights under this plan. (This concerns employees who have been with the Company since before 1 January 2012 and were accruing supplementary pension rights with Pensioenfonds Heijmans). The plan is an average pay scheme with conditional indexation and qualifies as a defined contribution plan. No new members will be admitted to the Pensioenfonds Heijmans plan. The pension acctual of these employees (who became members of the supplementary plan before the end of 2012) remain guaranteed by Stichting Pensioenfonds Heijmans N.V. While employees stay with Heijmans, the pensions they accrued until the end of 2012 are conditionally indexed. Heijmans pays a contribution each year to cover the costs of this. Approximately 31% of the membership in the new plan were members of the former plan who are still employed at Heijmans, and accordingly have a conditional right to indexation. Of the rest, 50% are former employees and 19% are pensioners. The average term of the pension liabilities is approximately 17 years. Because of the funding deficit in the former plan, Heijmans made an additional contribution of €5 million in 2012, and a further €3 million in 2013. Heijmans is under no obligation to make a subsequent contribution. The pension contributions and required buffers are calculated in accordance with the rules in the Pensions Act. In accordance with these rules, the contributions are cost effective, and the coverage ratio needs to be at least 104% at year-end 2014. The funding ratio as at this date is 107.8%. Supervision of compliance is a responsibility of De Nederlandsche Bank (DNB), the Netherlands central bank. The Board of the fund comprises representatives of the employer, employees and pensioners.

x € 1.000

Insured plans

Heijmans has some 15 insured pension plans in the form of guarantee contracts. Apart from the costs for actuarial accrual and indexation, Heijmans has no obligation to make contributions if mortality assumptions become more onerous. The risks inherent in the plan of these being necessary are largely borne by the insurers. It is a responsibility of the insurers to hold sufficient funds to pay out all benefits. Supervision of this aspect is in the hands of DNB. The contributions are determined according to the variables noted in the insurance contract. The average term of the pension liabilities is approximately 15 years.

A decision was made in 2013 to harmonise one of the larger insured plans. For the accrual of new rights, existing members transferred on 1 January 2014 to the industrial and above-mentioned supplementary average-pay plans. This change for existing members represented a curtailment of the plan and led to a reduction in the pension liability by approximately €4 million. The decrease was recognised in 2013 in profit or loss.

Industry pension funds

The majority of pensions have been placed with industry pension funds, the main ones being the Bouwnijverheid pension fund and the Metaal en Techniek pension fund. Both these funds operate average pay plans with indexation. The funding ratio of the Bouwnijverheid pension fund stood at 114.5% at year-end 2014 (year-end 2013: 111.6%). The funding ratio of the Metaal en Techniek pension fund stood at 103.0% at year-end 2014 (year-end 2013: 103.8%). These funding ratios are calculated in line with the accounting policies used by the various industry pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.

As regards these plans, Heijmans has an obligation to pay the predetermined premiums. The Group cannot be obligated to supplement any shortfalls, other than by means of future contribution adjustments. Heijmans has no claim to any surplus on the funds. As the employees bear the actual risks of the plans, they are recognised defined contribution plans.

Liability for defined benefit plans in Germany

Pension plans apply to a number of German employees, for which plans a liability has been recognised in the statement of financial position. These plans have not been placed with outside insurance companies or funds. The pension entitlements consist primarily of fixed, income-independent monthly payments.

Pension plans in Belgium

In Belgium, most employees participate in a defined contribution pension plan provided by the employer. The Belgian Vandenbroucke Act requires that, in principle, a minimum yield of 3.25% must be earned on the amounts deposited with insurance companies. A payable, if any, to the insurance company at the end of the year will be recognised. The minimal guarantee of return might influence Heijmans' future cash flows.

Jubilee payments

The jubilee payments in the Netherlands and Belgium consist of a monthly salary, or a portion thereof, for employment periods of 25 and 40 years. In Germany, the anniversary payment is a fixed sum for an employment period of 10 years, one and one half months' salary for a period of 25 years, and two months' salary for a period of 40 years.

x € 1.000

Income and expense items recognised in connection with defined benefit plans and jubilee payments	2014	2013
Service cost	-544	-1.192
Interest expense	-11.540	-12.300
Expected return on assets	11.509	12.610
	-575	**-882**
Administrative and other expenses	-431	-799
Settlements and curtailments	1.196	5.126
Total defined benefit plans and jubilee payments	**190**	**3.445**

The principal actuarial assumptions as at the closing date are:

	31 December 2014	31 December 2013
Discount rate	2,00%	3,25%
Expected return on plan assets	2,00%	3,25%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future indexation	0-0,75%	0-0,75%
Staff turnover	7,0-16,0%	7,0-16,0%
Mortality table	AA Forecast Table 2014 0/0	AA Forecast Table 2012-2062 0/0

The discount rate is based on high quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

x € 1.000

Financing liability for defined benefit plans and jubilee payments	31 December 2014	31 December 2013
Defined benefit plans:		
- Funded plans	415.014	348.540
- Unfunded plans	13.501	13.043
Jubilee payments (unfunded)	5.664	7.163
Liability for defined benefit plans and jubilee payments at 31 December	**434.179**	**368.746**

Breakdown of plan assets as percentage of total	31 December 2014	31 December 2013
Shares	8%	7%
Fixed-interest Securities	41%	40%
Liquid assets	0%	1%
Other/insured plans	51%	52%

Stichting Pensioenfonds Heijmans N.V. assets

At Stichting Pensioenfonds Heijmans N.V., approximately 65% of the interest-rate risk associated with the liabilities is hedged using a liability-matching portfolio. Of the total plan assets, valued at €209 million, €176 million is in fixed-interest securities, €32 million in shares, and €1 million in liquid assets. The fixed-interest securities as well as the shares are listed, and these assets are measured at list price. No investments are made in Heijmans own financial instruments.

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, with the other assumptions remaining unchanged, can affect the liabilities associated with the defined benefit plans as shown below.

x € 1 million	**2014**	
	Increase	**Decrease**
Change of 0.50 percentage points in discount rate	-34,4	39,1
Change of 0.25 percentage points in wage and price inflation, and in indexation	11,3	-4,7
Change of 1 year in life expectation	15,9	-16,2

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities, and not to the fair value of the investments. For a plan in the form of an insurance contract, the effect of a change in the discount rate is largely mitigated by an equal but opposite effect on the plan investments. This is because of the guarantee provided by the insurer.

Heijmans expects to contribute approximately €2 million in 2015 to the defined pension plans and approximately €30 million to the defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2014, depending as well on changes in the above-mentioned actuarial assumptions.

x € 1.000

6.23 Provisions

General

Provisions for warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of economic benefits will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	31 December 2013	Reversal of unused amounts	Additions to provisions	Provisions used/ other changes	31 December 2014
Warranty obligations	11.461	-1.656	2.268	-980	11.093
Restructuring costs	8.501	-1.458	25.410	-6.832	25.621
Environmental risks	1.796	0	75	-443	1.428
Other provisions	7.513	-1.391	588	-1.741	4.969
Total provisions	**29.271**	**-4.505**	**28.341**	**-9.996**	**43.111**

Duration of provisions and non-interest-bearing debt	31 December 2014	31 December 2013
Non-current portion	4.648	6.993
Current portion	38.463	22.278
Total	**43.111**	**29.271**

Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related construction partners. It is expected that most of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the expected severance costs related to organisational changes in 2014. Most of the provision will be used in 2015 and the remainder in the years 2016 and 2017.

x € 1.000

Provision for environmental risks

This item represents possible site restoration costs. The costs have been estimated per site, based on government regulations concerning the method of restoration and soil investigation. The periods within which restoration needs to take place vary per site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Other provisions

The other provisions include €1.6 million for legal disputes (2013: €2.6 million), €1.3 million for amounts payable to the Tax Office (2013: €2.0 million), and €0.6 million for vacant properties (2013: €1.3 million). The remainder is primarily for expenses that might be incurred in relation to occupational disability.

6.24 Trade and other payables

Trade and other payables	**31 December 2014**	**31 December 2013**
Suppliers and subcontractors	367.460	315.480
Invoices due for work in progress	40.844	38.727
Invoices due for work completed	45.690	53.912
Pension obligations	1.858	1.025
Employee expenses payable	27.613	29.304
VAT payable	42.512	44.208
Wage tax and social security contributions payable	14.444	25.061
Other tax payable	402	403
Administrative and costs of sales payable	11.283	8.796
Interest payable	6.135	5.529
Other liabilities	16.640	22.454
Total trade and other payables	**574.881**	**544.899**

x € 1.000

6.25 Financial risks and management

General
In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market and interest-rate risks.

This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks, and the policy and procedures for measuring and managing them, as well as the management of capital.

The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then modified if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

Credit risk
Credit risk is the risk the Group will be exposed to financial loss if a party against which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners.

The credit risk associated with property development is limited, as future residents can only take possession of the new property once they have met all their obligations. The creditworthiness is assessed in transactions involving the development of commercial property, building assignments and infrastructure projects, with additional collateral possibly being requested. Heijmans carries out many assignments for public authorities for which the credit risk is considered extremely limited.

The assessment of creditworthiness is part of the standard procedure. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.

The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk.

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. There is no major concentration of credit risk.

A provision for doubtful receivables is recognised following an assessment of the potential risks for each individual receivable. Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower.

x € 1.000

The carrying amount of the financial assets exposed to credit risk can be specified as follows:

	31 December 2014	31 December 2013
Other investments	31.004	41.641
Cash and cash equivalents	73.787	61.013
Trade and other receivables	310.131	340.304
Total	**414.922**	**442.958**

Other investments consist principally of receivables from public authorities and loans provided by the Group to joint ventures in which it participates.

The geographical distribution of the carrying amount of the trade receivables including receivables from joint operations subject to credit risk is as follows:

	31 December 2014	31 December 2013
Netherlands	146.907	159.321
Belgium	44.917	63.346
Germany	48.081	60.464
Total	**239.905**	**283.131**

Age analysis of outstanding debtors without impairment, in periods after invoice due payment date:

	31 December 2014	31 December 2013
< 30 days	23.918	31.757
30 - 60 days	11.223	9.898
60 - 90 days	1.342	2.869
> 90 days - 1 year	9.227	11.969
> 1 year	17.014	14.426
Total	**62.724**	**70.919**

Including debtor payments not yet due and debtors for which an impairment was recognised, the balance of trade receivables at year-end 2014 was €229 million (2013: €273 million).
The due dates of the other financial assets have not been exceeded.

x € 1.000

Trade receivables are reported after deducting impairment losses relating to doubtful receivables. The movement in the provision was as follows:

	2014	2013
Balance at 1 January	6.805	7.374
Additions	1.665	930
Withdrawl	-291	-98
Release	-708	-1.401
Balance at 31 December	**7.471**	**6.805**

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so (see also note 6.21, "Interest-bearing loans"). The liquidity risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, both under normal circumstances and exceptional circumstances, without incurring unacceptable losses and without endangering the reputation of the Group.

12-month rolling liquidity forecasts are used to determine whether the Group has sufficient liquidity available. Based on this forecast, the Group considers that sufficient liquidy is available for it to conduct operations.

To secure the availability of financial resources for the long term and the short term, Heijmans has access to the following facilities:

- €66 million in cumulative financing preference shares without a repayment obligation;
- €250 million committed and syndicated bank financing for a term expiring end of March 2015, €231 for a term expiring end of March 2016, and €212 million for a term expiring end of March 2017;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question, and
- €66 million in cash in hand and current account facilities, which is not committed. At year-end 2014, there were no indications that these facilities would change.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to sufficient guarantee facilities with various institutions. These facilities are not committed.

At year-end 2014, the total of facilities guaranteed by banks was €524 million (2013: €568 million) provided by 21 parties.

x € 1.000

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2014	Carrying amount	Contractual cash flow	< 6 months	6 - 12 months	1 – 2 years	2 – 5 years	> 5 years
Cumulative financing preference shares	-66.100	-92.210	-5.222	-	-5.222	-15.666	-66.100
Syndicated bank financing	-	-	-	-	-	-	0
Project financing	-7.158	-7.319	-4.285	-2.147	-278	-609	0
Other non-current liabilities	-27.524	-30.776	-1.606	-1.180	-20.589	-3.422	-3.979
Financial lease commitments	-2.188	-2.414	-544	-245	-489	-1.019	-117
Current account overdrafts with credit institutions	-2.180	-2.180	-2.180	-	-	-	-
Trade and other payables	-574.881	-574.881	-574.881	-	-	-	-
Total	**-680.031**	**-709.780**	**-588.718**	**-3.572**	**-26.578**	**-20.716**	**-70.196**

31 December 2013	Carrying amount	Contractual cash flow	< 6 months	6 - 12 months	1 – 2 years	2 – 5 years	> 5 years
Cumulative financing preference shares	-66.100	-91.780	-4.792	-	-5.222	-15.666	-66.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-13.832	-14.204	-474	-11.350	-1.517	-800	-63
Other non-current liabilities	-26.966	-27.609	-2.385	-893	-1.357	-22.974	0
Financial lease commitments	-2.533	-2.887	-462	-278	-836	-1.064	-247
Current account overdrafts with credit institutions	-17.620	-17.620	-17.620	-	-	-	-
Trade and other payables	-544.899	-544.899	-544.899	-	-	-	-
Total	**-671.950**	**-698.999**	**-570.632**	**-12.521**	**-8.932**	**-40.504**	**-66.410**

For the cumulative financing preference shares the nominal value on the liability due date and interest revision term have been taken into account.
The cumulative financing preference shares do not have a repayment obligation. In the liquidity overview the nominal value of the loan has been included in the period > 5 year.

Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.

To manage market risk, derivatives may be bought and sold, and financial commitments may be undertaken. Transactions of this nature are carried out within established guidelines.

x € 1.000

Price risk

Price risk associated with the purchase of raw materials and auxiliary materials, as well as with outsourced work, is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procuring raw materials.

Interest-rate risk

The interest rate policy at Heijmans N.V. is directed towards limiting the impact of changes in interest rates on the results of the Group. In addition, some of the loans have been concluded at fixed rates of interest.

Had the interest rate for 2014 been on average 2 percentage points higher, then the result before tax based on the statement of financial position positions at year-end would have been approx. €1.2 million higher (2013: €0.4 million higher). The effect of a 2-percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been an increase of €0.9 million (2013: virtually nil). This effect on the result before tax was mainly due to the cash balance at year-end 2014. The interest rate exposure measured on the basis of the average debt during the year would have a more limited effect on the result.

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

		31 December 2014					
		Total	**0–6 Months**	**6–12 Months**	**1–2 Years**	**2–5 Years**	**> 5 Years**
6.13	Other investments	31.004	15.508	755	5.471	8.026	1.244
6.18	Cash and cash equivalents	73.787	73.787	-	-	-	-
6.21	Cumulative financing preference shares	-66.100	0	-	-	-66.100	-
6.21	Syndicated bank financing	-	-	-	-	-	-
6.21	Project financing	-7.158	-5.258	-1.900	0	0	0
6.21	Other non-current liabilities	-27.524	-1.375	-20.426	0	-2.843	-2.880
6.21	Financial lease commitments	-2.188	-489	-205	-426	-953	-115
6.21	Current account overdrafts with credit institutions	-2.180	-2.180	-	-	-	-
Total		**-359**	**79.993**	**-21.776**	**5.045**	**-61.870**	**-1.751**

x € 1.000

		31 December 2013					
		Total	**0–6 Months**	**6–12 Months**	**1–2 Years**	**2–5 Years**	**> 5 Years**
6.13	Other investments	41.641	17.044	1.695	3.270	17.499	2.133
6.18	Cash and cash equivalents	61.013	61.013	-	-	-	-
6.21	Cumulative financing preference shares	-66.100	-66.100	-	-	-	-
6.21	Syndicated bank financing	-	-	-	-	-	-
6.21	Project financing	-13.832	-388	-13.444	-	-	-
6.21	Other non-current liabilities	-26.966	-2.322	-20.526	-1.193	-2.925	-
6.21	Financial lease commitments	-2.533	-80	-218	-742	-1.256	-237
6.21	Current account overdrafts with credit institutions	-17.620	-17.620	-	-	-	-
	Total	**-24.397**	**-8.453**	**-32.493**	**1.335**	**13.318**	**1.896**

Of the interest-bearing debt at the closing date, 77% (2013: 69%) had been negotiated at a fixed interest rate and 23% (2013: 31%) at a variable interest rate. Due to seasonal effects, the average debt during the year is higher than the debt at the closing date. The portion of the gross debt subject to a variable interest rate is also higher during the year. The gross variable-interest debt is offset by items including cash and cash equivalents, which are also subject to variable interest.

"The average weighted interest term to maturity of the project finance is 0.2 years (2013: 0.8 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The measurement of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchases and loans is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

x € 1.000

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.

Level 2: input that is not a quoted market price at level 1, but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).

Level 3: input for the asset or liability not based on data available in a market (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.

			31 December 2014		31 December 2013	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Note	level	**Loans and receivables**				
6.13	2	Other investments	31.004	32.682	41.641	46.135
6.17	*	Trade and other receivables	310.131	310.131	340.304	340.304
6.18	*	Cash and cash equivalents	73.787	73.787	61.013	61.013
6.21	*	Current account overdrafts with credit institutions	-2.180	-2.180	-17.620	-17.620
6.21	2	Cumulative financing preference shares	-66.100	-77.203	-66.100	-70.810
6.21	2	Syndicated bank financing	-	-	-	-
6.21	2	Project financing	-7.158	-7.241	-13.832	-14.124
6.21	2	Other non-current liabilities	-27.524	-28.702	-26.966	-27.888
6.24	*	Trade and other payables	-574.881	-574.881	-544.899	-544.899
		Other financial liabilities				
6.21	2	Financial lease commitments	-2.188	-2.329	-2.533	-2.781
			-265.109	**-275.936**	**-228.992**	**-230.670**

* The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2014, plus the relevant risk mark-up.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount.

Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound capital structure is based on a leverage ratio, a net interest-bearing debt after deduction of cumulative preference finance shares plus non-recourse finance, divided by EBITDA not exceeding 3.0 and an interest cover ratio of at least 3.0 (see also note 6.21 for a description of the financial ratios in the conditions agreed with the banks).

x € 1.000

6.26 Rental and operating lease contracts

	31 December 2014	31 December 2013
Rental contracts		
Instalments due within 1 year	17.195	17.206
Instalments due between 1 and 5 years	45.767	48.853
Instalments due after 5 years	18.404	20.389
Total	**81.366**	**86.448**
Lease contracts		
Instalments due within 1 year	26.962	26.188
Instalments due between 1 and 5 years	44.004	44.422
Instalments due after 5 years	1.336	655
Total	**72.302**	**71.265**

A charge of €30 million for operating leases was recognised in profit or loss for 2014 (2013: €29 million).

The lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings. The joint ventures in which Heijmans participates have undertaken neither rental commitments nor lease commitments.

Around 3,400 lease vehicles (2,400 cars, 900 vans, and 100 trucks) are leased in the Netherlands under an operating contract. In 2013, an umbrella agreement covering the cars and vans was signed with the main leasing company for a term of four years. The individual contracts covered by the agreement have terms varying from 24 months to 72 months. These contracts can only be dissolved after compensation is paid for the difference between the market value and the carrying amount (only if the market value is lower), and for the portion of the lease payments representing the management fee or administrative expenses and interest. For trucks, the maximum term is usually 120 months.

x € 1.000

6.27 Investment commitments

	31 December 2014	31 December 2013
Contractual commitments for:		
- acquisition of property, plant and equipment	4.049	2.044
- acquisition of land	109.521	75.030
	113.570	**77.074**

There are no group guarantees for the capital expenditure commitments (2013: €21 million guaranteed). Of the investment commitments, €16 million (2013: €17 million) was undertaken by joint operations in which Heijmans participates. The amount presented is Heijmans' share of the commitments undertaken by the joint operations.

The joint ventures in which Heijmans participates have undertaken investment commitments of €1 million (2013: €2 million), this amount represents Heijmans' share.

6.28 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the closing date. The liabilities are potential because the outflow of economic benefits depends on the occurrence of uncertain events in the future. Contingent liabilities can be divided into bank guarantees, parent Group guarantees and other contingent liabilities.

Bank and Group guarantees	**31 December 2014**	**31 December 2013**
Bank guarantees relating to:		
Execution of projects	308.003	280.482
Tenders	4.105	3.493
Other	28.857	36.372
	340.965	**320.347**
Group guarantees relating to:		
Execution of projects	356.954	364.055
Unconditional liabilities	0	20.606
Contingent liabilities	11.798	13.861
Credit and bank guarantee facilities	120.855	131.232
	489.607	**529.754**
Total	**830.572**	**850.101**

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities apply to foreign subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures for a total of €21 million (2013: €24 million).

The Group and bank guarantees issued for divested operations (Leadbitter and Heitkamp) are not included in the above table (bank guarantees of €4 million and Group guarantees of €91 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if this is possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

Other contingent liabilities
At year-end 2014, the other contingent liabilities with significant cash impact amounted to €37 million (2013: €38 million), and those with limited cash impact to €103 million (2013: €166 million), in total €140 million (2013: €204 million). Of the total amount, €23 million (2013: €31 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued for these commitments in 2014 (2013: none).

At year-end 2014, the joint ventures in which Heijmans participates had contingent liabilities with significant cash impact amounting to €13 million (2013: €20 million), and contingent liabilities with limited cash impact amounting to €23 million (2013: €23 million), in total €36 million (2013: €43 million). This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

6.29 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), a company pension fund, the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

Transactions with subsidiaries, associates, joint ventures and joint operations
Heijmans undertakes a number of operating activities together with related parties, including in the form of joint ventures. Significant transactions in this context are the contribution of land positions in joint ventures and/or their financing. In addition, large and complex projects are carried out in cooperation with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.12.

The Group's share in the revenues and total assets of the joint operations is broken down below by segment.

2014 Business segment in € millions	Property development	Residential building	Non-residential	Infrastructure	Eliminations	Total
Revenue	28,6	6,4	7,7	103,4	-5,0	141,1
Costs	-29,3	-5,7	-6,9	-99,1	5,0	-136,0
Non-current assets	4,0	0,0	0,0	0,6	0,0	4,6
Current assets	61,5	3,1	3,0	18,7	-1,2	85,1
Total assets	**65,5**	**3,1**	**3,0**	**19,3**	**-1,2**	**89,7**
Non-current liabilities	24,0	0,0	0,0	0,0	0,0	24,0
Current liabilities	10,4	2,7	2,1	18,4	-1,2	32,4
Total liabilities	**34,4**	**2,7**	**2,1**	**18,4**	**-1,2**	**56,4**
Equity	**31,1**	**0,4**	**0,9**	**0,9**	**0,0**	**33,3**

2013 Business segment in € millions	Property development	Residential building	Non-residential	Infrastructure	Eliminations	Total
Revenue	17,1	13,8	49,4	91,6	-2,9	169,0
Costs	-18,1	-12,7	-43,3	-85,9	2,9	-157,1
Non-current assets	4,0	0,0	0,0	1,8	0,0	5,8
Current assets	67,7	2,8	6,6	7,7	-2,1	82,7
Total assets	**71,7**	**2,8**	**6,6**	**9,5**	**-2,1**	**88,5**
Non-current liabilities	24,7	0,0	0,0	1,0	0,0	25,7
Current liabilities	8,3	2,5	0,5	20,0	-2,1	29,2
Total liabilities	**33,0**	**2,5**	**0,5**	**21,0**	**-2,1**	**54,9**
Equity	**38,7**	**0,3**	**6,1**	**-11,5**	**0,0**	**33,6**

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate pension plans for Heijmans' current and former employees and retired personnel.

In 2014, some €0.4 (2013: €2 million) in pension contributions was paid by Heijmans to the above-mentioned company pension fund. Heijmans also made an additional contribution of €3 million in 2013 because of a prior funding deficit. No additional contributions were made in 2014.

Remuneration management

Remuneration of Supervisory Directors

None of the Supervisory Directors hold depositary receipts for shares in Heijmans N.V., nor have they been allocated any options or depositary receipts for shares. All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single year. They also receive a fixed or variable expense allowance. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal benefit.

The total payments granted to Supervisory Directors in 2014 and 2013 were as follows:

in €	2014	2013
A.A.Olijslager – Chair*	53.980	54.908
P.G.Boumeester**	37.723	37.723
R. van Gelder***	37.723	37.723
S. van Keulen****	42.723	42.723
R. Icke*****	37.723	37.723

* Supervisory Director since 18 April 2007 and Chairman since 1 July 2008
** Supervisory Director since 28 April 2010
*** Supervisory Director since 1 July 2010
**** Supervisory Director since 18 April 2007
***** Supervisory Director since 9 April 2008

Remuneration of Members of the Executive Board and the Executive Committee

A breakdown of the gross fixed remuneration, the variable remuneration and the pension contribution per member of the Executive Board is shown below.

in €	Gross fixed remuneration		Long-term variable remuneration		Short-term variable remuneration		Pension contributions	
L.J.T. van der Els *	493.764	493.764	0	43.460	0	74.065	102.160	102.160
M.C. van den Biggelaar **	395.661	395.661	0	38.788	0	59.349	75.501	80.940
A.G.J. Hillen ***	395.661	395.661	0	35.986	0	59.349	118.454	128.212
Total	**1.285.086**	**1.285.086**	**0**	**118.234**	**0**	**192.763**	**296.115**	**311.312**

* Chair of the Executive Board since 18 April 2012 and member of the Executive Board since 28 April 2010
*** Member of the Executive Board since 1 September 2009
*** Member of the Executive Board since 18 April 2012

The remuneration of the Members of the Executive Board and of the Executive Committee is as follows:

in €	2014	2013
Gross fixed remuneration	1.851.995	1.852.753
Gross short-term variable remuneration	0	331.238
Bonus Investment Share Matching Plan	22.878	49.371
Pension contributions	385.646	410.978
Crisis levy	254.839	254.839
Reimbursement of expenses including car expenses	87.240	87.240
Total remuneration of Members of the Executive Board and the Executive Committee	**2.602.598**	**2.986.419**

In 2014, €1,811,975 (2013: €2,046,428) was recognised in the statement of profit or loss in respect of:
- gross fixed remuneration paid;
- Gross short-term variable remuneration;
- Bonus Investment Share Matching Plan;
- pension commitments;
- expenses reimbursed; and
- Crisis levy

for the Members of the Executive Board.

The short-term variable remuneration for 2014 for the Executive Committee was set at nil. The long-term variable remuneration granted in 2014, for the period 2012-2014, was also set at nil. For further details, see the section on remuneration in the Annual Report.

A reserve of €0.6 million was formed for variable remuneration for the periods 2013-2015 and 2014-2016 to the current members of the Executive Board (2013: €0.6 million for the periods 2012-2014 and 2013-2015).
An amount of €246,882 is reserved for Mr L.J.T. van der Els (2013: €241,856), €197,831 for Mr M.C. van den Biggelaar (2013: €196,856), and €197,831 for Mr A.G.J. Hillen (2013: €194,697). A reserve of €0.2 million has been formed for the variable remuneration to members of the Executive Committee for the periods 2013-2015 and 2014-2016 (2013: €0.2 million for the periods 2012-2014 and 2013-2015).

The charge in 2014 for the long-term variable remuneration for members of the Executive Board was €0 (2013: €0.2 million) and for members of the Executive Committee €0 (2013: €0.1 million).

In order to bind directors to the Company for the longer term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been introduced whereby directors can decide on a voluntary basis to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2011, the members of the Executive Committee purchased Heijmans shares for an amount equal to half the net short-term variable remuneration allocated for 2010. For each share purchased - in total 10,182 shares - one share is conditionally allocated under the Share Matching Plan. The total expense relating to the allocating of these shares is determined at the time of allocation and is recognised on a time-proportionate basis in the statement of profit or loss during the period that the allocation becomes unconditional. The statement of profit or loss for 2014 includes a charge of €23,284 (2013: €69,852) relating to the share shares allocated in April 2011. In April 2014, the allocation of 9,171 shares became unconditional. In April 2014, the Group issued 9,171 shares and distributed them to the Executive Committee members concerned. These shares are subject to a mandatory lock-up period of two years.

In April 2014, Mr van der Els used 50% of his short-term bonus for 2013 to purchase shares in Heijmans. Similarly, Mr van den Biggelaar and Mr Hillen each used 20% of their short-term bonuses for the same purpose. For each share purchased - in total 2,289 shares - one share is conditionally allocated under the Share Matching Plan. The allocation becomes unconditional after three years, following which a mandatory lock-up period of two years comes into effect. The total expense relating to the allocation of shares is determined at the time of allocation and is recognised on a time-proportionate basis in the statement of profit or loss during the period that the allocated shares become unconditional. The statement of profit or loss for 2014 includes a charge of €6,420 relating to the shares allocated in April 2014.

In his term as Chairman of the Executive Board, Mr Van Gelder was allocated a block of 210,000 options with an exercise price of €20.07 per option. The final date on which the options can be exercised is 1 October 2015.

The pension plan for Mr Van den Biggelaar involves a defined contribution for retirement pension payable from the age of 65, a partner pension, and an orphans' pension. Pension is accrued annually over the gross fixed salary on an average pay basis. Mr Van der Els receives a fixed allowance for pension costs. Mr Hillen's pension is arranged through the industry pension fund and the directly insured average pay plan. He is also receives compensation in respect of termination of the early retirement plan. This compensation is currently €31,898 a year and is indexed in accordance with pay increases under the collective labour agreement.

The pension cost is calculated on the basis of accounting principle 23.

At year-end 2014, the members of the Executive Board owned a total of 139,839 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2014 is as shown below:

Shares owned on 31 December	2014
L.J.T. van der Els - Chair	116.130
M.C. van den Biggelaar **	12.184
A.G.J. Hillen ***	11.525
Total	**139.839**

Remuneration of former Members of the Executive Board

The statement of profit or loss for 2014 includes €580,815 (2013: €758,060) for gross remuneration, benefits and pension rights granted to Mr. Witzel, a former Member of the Executive Board. Mr Witzel's activities comprise consulting and managing large projects. His contract with Company terminated on 1 October 2014. The above-mentioned amount for 2014 includes the fees Mr Witzel receives under his management agreement that came into effect on 1 November 2014.

6.30 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and assumptions about future developments based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting policies (section 5) and the explanatory notes (6.1 to 6.29), the key elements of estimation uncertainty are explained below.

Measurement of projects
For more information on the key assumptions used in the measurment of projects, refer to note 6.16, “Work in progress”.

Pensions
The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.22.

Deferred tax assets
For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.14, “Deferred tax assets and liabilities”.

Strategic land portfolio
For more information on the key assumptions used in the measurment of land portfolios, refer to note 6.15, “Inventories”.

Impairment tests
For the main principles used in the annual determination of the realisable value of intangible assets, refer to note 6.10, “Intangible assets”.

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2014. Wholly owned entities are subsidiaries. The remaining entities are joint operations. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven. For significant joint ventures and associates, see note 6.12.

	31 December 2014
Heijmans Nederland B.V., Rosmalen	100%
Heijmans Vastgoed B.V., Rosmalen	100%
V.O.F. Projectontwikkeling GZG-terrein, Rosmalen	50%
V.O.F. Mondriaanlaan, Utrecht	35%
Heijmans Woningbouw B.V., Rosmalen	100%
Heijmans Huizen B.V., Huizen	100%
BC Heijmans-Dura Vermeer V.O.F. , Amersfoort	50%
Heijmans Utiliteit B.V., Rosmalen	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%
Heijmans Infrastructuur B.V., Rosmalen	100%
Heijmans Integrale Projecten B.V., Rosmalen	100%
Heijmans Wegen B.V., Rosmalen	100%
Heijmans Civiel B.V., Rosmalen	100%
Sander & Geraedts B.V., Koningsbosch	100%
Brinck Groep B.V., Zeewolde	100%
A4 All V.O.F., Rotterdam	45%
Waterdunen V.O.F., Schiedam	40%

	31 December 2014
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%
Heijmans International B.V., Rosmalen	100%
Heijmans Technology B.V., Rosmalen	100%
Heijmans (B) N.V., Schelle	100%
Heijmans Infra N.V., Schelle	100%
Van den Berg N.V., Schelle	100%
Heijmans Vastgoed N.V., Schelle	100%
Heijmans Bouw N.V., Bilzen	100%
Heijmans Deutschland B.V., Rosmalen	100%
Heijmans Oevermann GmbH, Münster	100%
Oevermann Verkehrswegebau GmbH, Münster	100%
Oevermann Hochbau GmbH, Münster	100%
Oevermann Ingenieurbau GmbH, Münster	100%
CMG Gesellschaft für Baulogistik GmbH, Münster	100%
Franki Grundbau GmbH & Co. KG., Seevetal	100%

8. Company financial statements

x € 1.000

8.1 General

The Company financial statements are part of the 2014 financial statements of Heijmans N.V.
With reference to the company statement of profit or loss of Heijmans N.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Dutch Civil Code. Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

8.2 Summary of significant accounting policies

For determining the accounting policies to use for measuring the assets and liabilities in its company financial statements, Heijmans N.V. makes use of the option provided in Section 362 sub 8 of Book 2 of the Dutch Civil Code. This means that the accounting policies applied in the company financial statements of Heijmans N.V. are the same as those applied in consolidated EU-IFRS financial statements. Participating interests over which significant control is exercised are recognised using the equity method.

The share in the result of participating interests consists of the share of Heijmans N.V. in the result of these participating interests. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its participating interests or between participating interests themselves are not recognised insofar as they can be deemed to be unrealised.

The comparative figures for 2013 have been revised because of the change in accounting policy for joint arrangements (see 5. Accounting policies).

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.29 to the consolidated financial statements.

8.3 Company statement of profit or loss 2014

	2014	2013
Result from participating interests	-58.165	-9.266
Other income and expense after tax	10.872	11.123
Result after tax	**-47.293**	**1.857**

The employee benefits for the Members of the Supervisory Board, the Executive Board, the Executive Committee and the Board's Secretariat are recognised in the company financial statements (see note 6.29 to the consolidated financial statements)..

x € 1.000

8.4 Company statement of financial position at 31 December 2014 (before appropriation of profit)

Assets	31 December 2014	31 December 2013
Non-current assets		
Intangible assets	21.207	21.207
Financial assets	11.134	9.138
	32.341	**30.345**
Current assets		
Receivables	612.906	627.795
Cash and cash equivalents	28.508	319
	641.414	**628.114**
	673.755	**658.459**

Equity and liabilities	31 December 2014	31 December 2013
Equity		
Issued capital	5.839	5.805
Share premium reserve	222.152	222.183
Hedging reserve	-54	750
Reserve for actuarial results	-27.346	-23.240
Reserve for Bonus Investment Share Matching Plan	219	192
Statutory reserve for participating interests	41.754	36.415
Retained earnings	64.005	69.060
Result after tax for the current financial year	-47.293	1.857
	259.276	**313.022**
Non-current liabilities	66.100	66.100
Current liabilities	348.379	279.337
	673.755	**658.459**

x € 1.000

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	2014	2013
Carrying amount		
Balance at 1 January	21.207	21.207
Balance at 31 December	**21.207**	**21.207**

Financial assets	2014	2013
Investments in Group companies		
Balance at 1 January	-41.916	-88.968
Share in result of participating interests after tax	-58.165	-9.266
Dividend received from participating interests	-12.755	-24.390
Capital contributions	18.059	92.722
Changes in cash flow hedges	-804	957
Changes in actuarial results relating to employee-benefits	-4.106	-12.932
Other changes	0	-39
Balance at 31 December	**-99.687**	**-41.916**
Recognised in the provision for participating interests with a negative asset value	-110.821	-51.054
Recognised under financial assets	11.134	9.138

The “Share in result of participating interests after tax” item includes the gains on the sale of participating interests. The participating interests in Group companies are direct or indirect interests in Group companies. The principal Group companies are listed on page 81.

x € 1.000

Receivables	31 December 2013	31 December 2012
Group companies	597.906	613.678
Tax and social security contributions	14.711	13.780
Other receivables	289	337
	612.906	**627.795**

The receivables fall due within one year.

Cash and cash equivalents

Cash balances are at the free disposal of the Company.

Equity

2014	Issued capital	Share premium reserve Reserve	Reserve for actuarial results	Hedging reserve	Reserve Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.805	222.183	-23.240	750	192	36.415	69.060	1.857	313.022
Reclassification	3	0	0	0	-3	5.339	-5.339	0	0
Bonus Investment Share Matching Plan	0	0	0	0	30	0	0	0	30
Appropriation of result for 2013	31	-31	0	0	0	0	284	-1.857	-1.573
Total comprehensive income	0	0	-4.106	-804	0	0	0	-47.293	-52.203
Balance at 31 December	**5.839**	**222.152**	**-27.346**	**-54**	**219**	**41.754**	**64.005**	**-47.293**	**259.276**

2013	Issued capital	Share premium reserve Reserve	Reserve for actuarial results	Hedging reserve	Reserve Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.199	209.562	-10.308	-207	122	38.643	157.075	-87.742	312.344
Share issue	528	12.699	0	0	0	0	0	0	13.227
Reclassification	0	0	0	0	0	-2.228	2.228	0	0
Bonus Investment Share Matching Plan	0	0	0	0	70	0	0	0	70
Appropriation of result for 2012	78	-78	0	0	0	0	-90.243	87.742	-2.501
Total comprehensive income	0	0	-12.932	957	0	0	0	1.857	-10.118
Balance at 31 December	**5.805**	**222.183**	**-23.240**	**750**	**192**	**36.415**	**69.060**	**1.857**	**313.022**

Authorised share capital
Composition of the authorised share capital is as follows:

Authorised share capital in €	31 December 2014
35,100,000 ordinary shares, each with a nominal value of €0.30	10.530.000
7,000,000 cumulative financing preference shares B, each with a nominal value of €0.21	1.470.000
8,000,000 protective preference shares, each with a nominal value of €1.50	12.000.000
	24.000.000

As at 31 December 2014, the number of ordinary shares issued was 19,460,880. All the outstanding shares are paid up, which represents a value of €5,838,264 (at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option has been exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Refer to section 6.21 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares.

Share premium reserve
The share premium reserve consists of the capital paid up in excess of the nominal value.

Reserve for actuarial results
The reserve for actuarial results represents the actuarial results on employee-benefits (see note 6.22 to the consolidated financial statements).

Hedging reserve
The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments relating to hedged transactions that have not yet occurred.

Reserve for Bonus Investment Share Matching Plan
For information on the Reserve Bonus Investment Share Matching Plan, see note 6.29 to the consolidated financial statements.

Reserve for participating interests
The statutory reserve for participating interests represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting policies, on the one hand, and that portion for which the parent company can determine distribution, on the other hand. The statutory reserve is determined for each participating interest individually.

x € 1.000

Result appropriation
Please refer to "Other information" for the proposed result appropriation.

Liabilities	31 December 2014	31 December 2013
Non-current liabilities		
Financing preference shares	66.100	66.100
	66.100	**66.100**
Current liabilities		
Group companies	211.472	193.731
Dividend payable on financing preference shares	5.222	4.792
Banks	20.321	29.135
Provision for participating interests with negative asset value	110.821	51.054
Other liabilities	543	625
	348.379	**279.337**

The provision for negative value participating interests should be taken into account together with the receivables from group companies.

x € 1.000

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 December 2014	31 December 2013
Bank guarantees	340.965	320.347
Group guarantees to clients	368.752	398.522
Group guarantees to credit institutions	120.855	131.232
	830.572	**850.101**

For information on the guarantees, see note 6.28 to the consolidated financial statements.

Joint and several liability, and guarantees
With the exception of Heijmans Deutschland B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce for all the Dutch wholly owned subsidiaries included in the consolidated figures.

Fiscal unity
Together with its Dutch subsidiaries, Heijmans N.V. forms a fiscal unity for the purposes of corporate income tax and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that forms part of the fiscal unity.

Share in result of participating interests
This is the company's share in the results of its participating interests, all of which are Group companies.

x € 1.000

Auditor's fees

The following fees for Ernst & Young Accountants (2013: KPMG Accountants) have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions of Section 382a of Book 2 of the Dutch Civil Code.

x € 1.000	2014		
	Ernst & Young Accountants LLP	Other EY network firms	Total EY
Examination of the financial statements	1.408	-	1.408
Other audit engagements	80	-	80
Tax consultancy services	-	232	232
Other non-audit services	-	-	0
	1.488	**232**	**1.720**

The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.
The costs of tax consultancy services concern a certain success fee for delivered tax consultancy services in 2013 which have been included in the result of 2014.

x € 1.000	2013		
	KPMG Accountants NV	Other KPMG network firms	Total KPMG
Examination of the financial statements	1.370	481	1.851
Other audit engagements	133	-	133
Tax consultancy services	-	231	231
Other non-audit services	-	-	0
	1.503	**712**	**2.215**

Events after balance date

Up till the date of signing no significant events occured that would influence this annual report.

Rosmalen, 25 February 2015

The Members of the Executive Board
L.J.T. van der Els
M.C. van den Biggelaar
A.G.J. Hillen

The Members of the Supervisory Board
A.A. Olijslager
P.G. Boumeester
R. van Gelder
R. Icke
S. van Keulen

Result appropriation

In accordance with Article 31 of the Articles of Association, profit is distributed as follows:

1. Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to reserves as it deems necessary.
2. Insofar as the profit is not transferred to reserves, it is available to the Annual General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares owned.

Subject to approval by the Supervisory Board, it is proposed to withdraw a sum of €47.3 million from the reserves. Given the development of both the operating results and the net result in 2014, it will be proposed at the General Meeting of Shareholders that no dividend should be distributed on ordinary shares and depositary receipts for ordinary shares.

Dividend policy

Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to 40% of the profit after tax.

Independent auditor's report

To: The shareholders and the supervisory board of Heijmans N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Heijmans N.V. (also referred to as 'the company'), Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2014, its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2014.
- The following statements for 2014: consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2014.
- The company statement of profit or loss for 2014.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Heijmans N.V. in accordance with the Auditor Independence Regulation for Assurance Engagements *(Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten, "ViO")* and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Regulation Code of Conduct and Professional Practice Accountants (Verordening gedrags- en beroepsregels accountants, "VGBA").

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements may arise from fraud or error and are considered material if they, individually or in the aggregate, may reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 10 million. Materiality is based on approximately 0.5% of the revenue for the financial year. We have applied this principle on the basis of our analysis of the users of the financial statements, partly due to the fact that revenues provide a stable basis for the determination of the materiality and that revenues are representative of the size and performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons to the users of the financial statements.

We agreed with the supervisory board that misstatements in excess of € 0.25 million, identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Heijmans N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Heijmans N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on the operating segments Property Development, Residential Building, Non-Residential and Infrastructure. For these segments the majority of the audit procedures have been performed by ourselves. For certain foreign activities and joint arrangements, we have also made use of audit procedures performed by other EY and non-EY auditors. By performing the procedures mentioned above at group and other entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill and other intangible assets

Management is required to test goodwill for impairment on the basis of the accounting policies used. In addition, each year, the company assesses whether a change to the useful life is applicable and/or whether there are any indications of impairment of other intangible assets. This test and assessment are largely based on management expectations and estimates of future results of the (group of) cash-generating units of which the entities acquired in the past are part of. These assumptions are affected by expectations of future market or economic conditions. The impairment test is based on the recoverable value of the relevant cash-generating units, with the business units of Non-Residential and Oevermann being the most significant, due to the size of the intangible assets. We use an internal valuation expert in evaluating the valuation models and parameters used by management. We paid specific attention to the forecasts used with respect to future revenues and results. In addition, we performed procedures relating to the disclosures on impairment testing included the financial statements, looking specifically at the disclosure of key assumptions that have the most significant effect on the determination of the recoverable amount of the goodwill, such as the discount rate and EBIT margin. In connection with this, we verified whether these disclosures are adequate and provide sufficient insight into the assumptions disclosed and sensitivities of the assumptions underlying the valuation.

Disclosure of goodwill and other intangible assets are included note 6.10 of the financial statements.

Valuation of deferred tax assets and liabilities
A deferred tax asset is recognised for tax-deductible losses to the extent it is likely that sufficient taxable profit will be available in the future against which the tax losses can be offset. This assessment is significant for our audit considering the complexity of the estimation process and the implications of subjective elements on the assumptions such as the estimation of forecasted margins from operational activities and taxable results as well as agreements with the Dutch fiscal authority. These estimates are based on assumptions, including expectations regarding future economic and market developments.

We have made use of our internal tax experts in assessing the assumptions used and management forecasts stated in the Business Plan 2015 and the multi-annual plan. We paid specific attention to the assumptions in the forecasts that most affect the taxable result, such as the EBIT margin and non-deductible or deferred items. We also made use of our own internal tax experts in the assessment of the tax position.

Disclosure of income tax and deferred tax positions are included in note 6.14 of the financial statements.

Valuation of the strategic land portfolio
The valuation of the land portfolio is heavily influenced by developments in the housing market in the Netherlands and other subjective elements. The land positions generally feature after a long period in development, partly due to changes in provinces and municipalities with regard to spatial planning. Heijmans tests the valuation of its land portfolio for impairment on a semi-annual basis. This test is significant for our audit, given the nature of the activities, the complexity of the estimation process, the assumptions used in the estimates and the degree of subjectivity involved.
The net recoverable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the likelihood that a project will be completed, the expected date of completion, the discount rate used and the estimation of sale prices and construction costs. The valuation process depends on management estimates to a significant extent. The valuation is substantiated internally with qualitative documentation and key figures. In addition, the calculation models used for the strategic land portfolio are updated annually.

We have tested the internal control measures with respect to the estimation process used for valuation and additionally have carried out other audit procedures. These include audit procedures to establish whether the correct source data have been used in the determination of the valuation and procedures to obtain insight into the calculation models used to determine the recoverable value. We have discussed the source data, the risks of the land positions and the related estimation uncertainties with various project officers and management, and have assessed whether these are adequately recognised in the net recoverable value. We have made use of our real estate valuation specialists to support our assessment of the assumptions used that underlie the determination of the net recoverable value.

We also paid attention to the disclosures of Heijmans regarding the assumptions that most affect the determination of the net recoverable value, such as the content and elaboration of development plans and the expected development of prices for land and housing.

Disclosure of the strategic land portfolio are included in note 6.15 of the financial statements.

Valuation of work in progress
The valuation of work in progress is affected by subjective elements including estimated costs and projected revenue, whether or not from additional services, progress and disputes or potential disputes. This is partly prompted by the nature of the operations, which may be impacted by the technological complexity of projects, the degree of estimation in the tender process and developments during the realization of a project. We therefore identified correct and complete project revenue recognition, the valuation of receivables and additional services as well as the completeness of project-related liabilities and project provisions as significant areas in our audit.

The process of revenue and result recognition, including determining the appropriate cut-off of revenues, involves significant management estimates. We tested the internal control measures with respect to project management and the estimation process for project results, as well as performing other audit procedures. These included, amongst other procedures, substantive procedures relating to contractual terms and conditions, income (including income from additional or less work), cost incurred and (potential) disputes or claims. We also performed procedures with respect to the project calculations and result forecasts, and management's assessment thereof. In connection with this, we discussed a range of financial and other risks and ongoing disputes and related estimation uncertainties with various project officials and management of the business units, assessing whether these have been adequately addressed in the financial statements. We also performed procedures with respect to valuation of receivables, expected additional work, potential or actual disputes and claims, the completeness of project liabilities, as well as required disclosures of work in progress and related estimates.

Disclosure of work in progress and estimates are included in note 6.16 to the financial statements.

Funding and covenants
The availability of adequate funding and the testing of whether the company can continue to meet its financial covenants are significant for our audit. This test or assessment is largely based on management expectations and estimates. The assumptions are affected by subjective elements such as the estimate of expected future cash flows, forecast results and margins from operational activities, and the ability to meet financial covenants. These estimates are based on assumptions, including expectations of future economic and market developments.

We have made use of our internal experts in reviewing assumptions used and management forecasts set out in the Business Plan 2015 and the multi-annual plan. Specifically, we paid attention to the assumptions used in relation to future revenues and results, including the order book, in order to assess whether the company can continue to meet its financial covenants in the coming year.

Disclosure of funding and covenants are included in note 6.21 to the financial statements.

Responsibilities of management and the supervisory board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch

Civil Code. Furthermore, management is responsible for such internal control as management deems necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management is required to prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means that we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other things:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to influence our independence, and where applicable, related safeguards.

We determine the key audit matters in the basis of all matters discussed with the supervisory board. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (regarding our responsibility to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the supervisory board as auditor of Heijmans N.V. on 30 April 2014 with effect from the audit for the 2014 financial year, having served as Heijmans N.V.'s external auditor since that date.

Rotterdam, 25 February 2015
Ernst & Young Accountants LLP

Signed by: W.T. Prins R.A.

Appendices

Assurance report of the independent auditor

To: the shareholders and the supervisory board of
Heijmans N.V.

We have reviewed the non-financial information in the chapters “Heijmans Profile”, “Human Resource Management”, “Corporate Social Responsibility”, “Improvement”, and “Renewal”, as included in the Annual Report for the year 2014 (hereinafter: the Report) of Heijmans N.V., Rosmalen (hereinafter: Heijmans). The Report comprises a description of the policy, the activities, events and performance of Heijmans relating to sustainable development during the reporting year 2014.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

References in the Report (to www.heijmans.com, external websites and other documents) are outside the scope of our assurance engagement.

Management’s responsibility

The managing board of Heijmans is responsible for the preparation of the Report in accordance with the Sustainability Reporting Guidelines G4 (application level Core) of the Global Reporting Initiative (GRI) and the reporting criteria developed by Heijmans, including the identification of the stakeholders and the determination of material issues. The disclosures made by management with respect to the scope of the Report and the reporting criteria are included in the section “Preparation of the report” in chapter “Corporate Social Responsibility” of the Report.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the Report based on our review. We conducted our review in accordance with Dutch law, including Dutch Standard 3810N “Assurance Engagements relating to Sustainability Reports”. This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the Report is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and applying analytical procedures regarding the non-financial information as included in the Report. Consequently a review engagement provides less assurance than an audit.

Procedures performed

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organization
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management
- Evaluating the application level in accordance with the Sustainability Reporting Guidelines G4 (application level Core) of GRI
- Evaluating the design and implementation of the systems and processes for data gathering and processing of information as presented in the Report
- Interviewing management (or relevant staff) responsible for the sustainability strategy and policies
- Interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report
- Evaluating internal and external documentation, in addition to interviews, to determine whether the information in the Report is reliable
- Analytical review of other data and trend explanations submitted for consolidation in the Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph "Limitations in our scope", nothing has come to our attention that causes us to conclude that the non-information in the Report, in all material respects, does not provide a reliable and appropriate presentation of the policy of Heijmans for sustainable development, or of the activities, events and performance of the organization relating to sustainable development during 2014, in accordance with the Sustainability Reporting Guidelines G4 (application level Core) of the GRI and reporting criteria developed by Heijmans as disclosed in the section "Preparation of the report" in chapter "Corporate Social Responsibility" of the Report..

Rotterdam, 25 February 2015

Ernst & Young Accountants LLP

Signed by R.T.H. Wortelboer

Heijmans Share Administration Trust

Report is given below in compliance with best-practice provision IV.2.6 in conjunction with IV.2.7 of the Corporate Governance Code.

Method of operation

To emphasise the independence of Stichting Administratiekantoor Heijmans (hereinafter referred to 'the SA Trust'), its Board of Trustees first meets without the members of the Company's Executive Board being present. The members of the Executive Board and the Chairman of the Supervisory Board then attend the meeting.

Number of shares for which depositary receipts are issued

The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the company's cooperation. The SA Trust is an independent legal entity as defined in Section 5:71 (1)(d) of the Financial Supervision Act.

As at 31 December 2014, the SA Trust had ordinary shares with a nominal value of €5,838,261.90 in administration, for which 19,460,873 bearer depositary receipts with a nominal value of €0.30 had been issued.

Number of meetings of the Board of Trustees and most important agenda items

The Board of Trustees of SA Trust met on three occasions during the reporting year.

Meeting of 26 March 2014

The following items were discussed at this regular Board meeting:

- The notes to the 2013 Annual Report of Heijmans N.V. and the press release of 27 February 2014;
- The agenda items for the General Meeting of Shareholders of Heijmans N.V. to be held on 16 April 2014;
- The Annual Report of SA Trust for 2013;
- A proposal to amend the articles of association of SA Trust with regard to the procedure for appointing a trustee;
- The evaluation of the Meeting of Depositary Receipts Holders of 15 November 2013.

During the meeting, the board of SA Trust made some remarks and put some questions to the members of the Executive Board (the chairman of the Supervisory Board was unable to attend) on the following issues:

- What are Heijmans' expectations with respect to the strategic land holdings and does Heijmans value these holdings itself or does it engage an external party? What is the relationship between strategic land holdings and land in exploitation?
- Does Heijmans face proceedings in connection with unconditional obligations with respect to land holdings?
- What is the status of Non-Residential and what were the causes of the declining result at Roads and Civil?
- What is Heijmans' view of PPP projects?
- What is Heijmans' attitude to consolidation or partnering in the Dutch construction industry?
- The board of SA Trust expressed the hope that the foreign subsidiaries of Heijmans will be retained;

This spring, one trustee would step down and would not be eligible for reappointment. This concerned Mr P.J.J.M. Swinkels.

Since the Meeting of Depositary Receipt Holders did not make a recommendation for filling this vacancy, the Board of Trustees has initiated a search for a suitable candidate that would fit the profile of the departing trustee. The Board found such a candidate in the person of Mr J.J.G.M. Sanders who has stated his willingness to accept this position. THe Board accordingly appointed Mr Sanders as a trustee at this meeting, having previously obtained the permission (on the basis of the articles of association applying at the time of the appointment) of the Supervisory Board and the Executive Board.

Meeting of 1 October 2014

The items discussed at this regular meeting included the following:

- The notes to the 2014 half-year figures for Heijmans N.V.;
- The resolution to hold a Meeting of Depositary Receipt Holders on 14 November 2014.
- Composition of the Board of Trustees: who among the other trustees could take over the role of chairman from Mr C.J. de Swart after he steps down in the spring of 2015;
- The question of whether a vacancy would be declared due to the stepping down of the chairman Mr C.J. de Swart.

During the meeting, the board of SA Trust made some remarks and put some questions to the members of the Executive Board on issues including the following:

- What is Heijmans' view with respect to the foreign subsidiaries in the light of the fact that these subsidiaries make a significant contribution to the result of Heijmans, especially now that previously sound business units are generating little or no margin?
- After the media attention to the A15 project, the Board asked whether Heijmans was also involved in such unsatisfactory projects.
- Heijmans was asked whether a return of 3% would ever be achieved again.
- Was Heijmans satisfied with the present order book?
- Has the level of provisions changed or remained approximately the same?
- What is Heijmans' view regarding increasing scale and consolidation in the Dutch market?

Meeting of 14 November 2014

This additional meeting concerned the preparations for the Meeting of Depositary Receipt Holders on 14 November 2014.

Participation of the Board of Trustees of SA Trust in the General Meeting of Shareholders of 16 April 2014

The Board of Trustees of SA Trust was present during the General Meeting of Shareholders on 17 April 2013 and voted in favour of all the resolutions that were put to a vote.

At this General Meeting of Shareholders, the chairman of SA Trust asked the Supervisory Board and the Executive Board whether there was synergy between Heijmans' Dutch companies and its foreign companies and whether there were plans to dispose of the foreign subsidiaries. This question was asked due to the fact that the foreign subsidiaries produced more than 50% of the operating result in 2013.

In response, the chairman of the Executive Board Mr Van der Els stated that synergy between the Dutch and foreign companies had actually increased. Cooperation between the various countries was increasing, not only in road building but also in the civil engineering activities. Mr Van der Els stated that Heijmans currently had no plans to dispose of the foreign operations.

The SA Trust granted authorisation to holders of depositary receipts who attended the Annual General Meeting of Shareholders in person or who allowed themselves to be represented by a third party, to vote independently on the number of depositary receipts reported for shares prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010, 2011, 2012 and 2013, in its convening notice for the General Meeting of Shareholders the board of SA Trust offered holders of depositary receipts who were not able to attend the shareholders meeting in person the opportunity to express their view on certain issues via e-mail or otherwise in writing. SA Trust will thus be able to take these views into consideration when determining how it will cast its vote.
Once again there was no response, which was rather disappointing in the board's opinion.

Votes cast at the General Meeting of Shareholders on 16 April 2014

Of the number of depositary receipts (for Heijmans shares) issued by SA Trust as of 16 April 2014 of 19,348,704, 6,709,903 depositary receipts for shares and shares were registered as present at the meeting with voting rights, which is approximately 34.7% (in 2013 approximately 39.8%), including 2,482,556 depositary receipts for shares and shares for which a voting instruction was given to ABN AMRO.

ABN AMRO received powers of attorney and voting instructions through this facility, representing a total of 74,476,680 (previous year 39,542,520) votes, amounting to approximately 12.65% (in 2013 approximately 7.61%) of the maximum possible number of votes to be cast by the depositary receipt holders.

Meeting of Holders of Depositary Receipts for Shares on 14 November 2014

During the Meeting of Holders of Depositary Receipts for Shares on 14 November 2014, the Board of Trustees of SA Trust gave an explanation of its policy, partly based on principle IV.2 and the corresponding best-practice provisions of the Dutch Corporate Governance Code.

The 5 holders of depositary receipts or proxies present represented 1,503,345 shares/depositary receipts. As at 14 November 2014, SA Trust had issued a total of 19,460,873 shares or depositary receipts for shares. This means that approximately 7.72% of the shares and depositary receipts for shares issued by SA Trust were represented at this meeting (in 2013, approximately 5.08%).

Activities

The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for SA Trust, SGG Netherlands N.V. of Amsterdam.

Board of Trustees and remuneration

The Board of Trustees of SA Trust consists of the following:
Mr C.J. de Swart (Chairman)
Dr. W.M. van den Goorbergh
Drs. J.J.G.M. Sanders
Mr R.P. Voogd.

C.J. de Swart is a supervisory director of DSW Zorgverzekeraar and a supervisory director of Stad Holland Zorgverzekering. Mr De Swart was formerly chairman of the executive board of ASR/Stad Rotterdam and a member of the executive committee of Fortis.

W.M. van den Goorbergh is chairman of the supervisory boards of NIBC Bank and Coöperatie DELA and a member of the supervisory board of de Bank Nederlandse Gemeenten.
Until 2002, Mr Van den Goorbergh was deputy chairman and CFO of the executive board of Rabobank Nederland.

J.J.G.M. Sanders is chairman of the supervisory board of Muziekgebouw Frits Philips Eindhoven, chairman of the supervisory board of Bolsius N.V., chairman of the Stichting Bewaarder Holland Arch I, chairman of the Stichting Evenementen Liliane Fonds, a supervisory director of Greenchoice and a member of the committee of recommendation of Voedselbank Eindhoven. Until mid-2014, Mr Sanders was managing director of PSV N.V. and his previous positions include chairman of the executive board of Friesland Campina. Mr Sanders was appointed as a trustee of SA Trust on 26 March 2014.

R.P. Voogd is a lawyer and consultant with NautaDutilh. His area of specialisation is corporate law with a particular focus on listed companies. His other positions include chairman of the supervisory board of Benovem B.V., chairman of the supervisory board of Fetim B.V., supervisory director of Koninklijke Verkade N.V., chairman of the board of Stichting Preferente Aandelen Wolters Kluwer, chairman of the board of Stichting Continuïteit SBM Offshore, member of the board of Stichting Preferente Aandelen Nedap, member of the board of Luchtmans (Koninklijke Brill N.V.) and chairman of the supervisory board of a family office.
Mr Voogd previously was a civil-law notary with NautaDutilh in Rotterdam.

The remuneration of the Board of Trustees in 2014 amounted to €12,000 for the Chairman and €10,000 for each other member.

Contact data

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Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Financial Supervision Act.

As stated in its articles of association of 3 August 2013, the purpose of the Trust is:

- To promote the interests of Heijmans N.V. (the Company) and of the business that is maintained by the company and the companies affiliated with the company in a group, in such a way that the interests of the company and of that business and of all those involved are optimally safeguarded, and that influences that could compromise the independence and/or continuity and/or the identity of the company, and those businesses contrary to those interests, are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above;
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the Company and by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, articles of association or agreement; and
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting right affiliated with the relevant shares does not transfer to the pledgee, or may otherwise encumber these shares, on the understanding that the Company's approval is necessary in order to dispose of shares.

The Trust has the right (call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares.

Furthermore, the Trust entered into a put option contract with Heijmans N.V. stipulating that the Trust will acquire preference shares as soon as Heijmans N.V. issues them. Here too, a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares applies. This put option increases the effectiveness of issuing preference shares as a temporary anti-takeover measure.

The Trust was granted the right of investigation in 2008.

Mr H.H. Meijer was reappointed as board member of the Trust for the period of four years during the board meeting of 3 April 2014.. For this reappointment the board has made use of the possibility, as offered in the last sentence of Article 3 (1) of the articles of association, to depart from the maximum number of two reappointments, in the case of special circumstances. The board is of the opinion that this constitutes a case of special circumstances, considering the fact that Mr Meijer had been appointed for only one year in 2013, in order to ensure a more balanced retirement schedule.

The composition of the Board of Trustees is:

Sustainable purchasing policy

The core of Heijmans' vision of sustainability is that it adds or creates instead of consuming. This applies to the use of space and energy as well as to materials. Sustainability and corporate social responsibility (CSR) are very important themes with respect to this vision.

Scope

The framework for sustainable procurement still consists mainly of various policy statements and notes. For instance, Heijmans endorsed the Manifesto for "Corporate Socially Responsible Purchasing and Business" of the NEVI (purchasing managers' association), in which leading private and public companies have registered their ambition to embed sustainable chain management in their companies. Other agreements also directly affect the procurement policy (for example, Green Deal Beton). In addition, the Executive Committee has set sustainability criteria and related performance indicators (KPIs) for themes such as sustainable timber, waste and energy. Procurement moreover actively reflects specific sustainability requirements set by principals of Heijmans for certain projects. For Heijmans' own procurement in the area of facility services, there is a product-oriented approach focused on purchasing only sustainable products and services. One example of this is the purchase of green energy.

A specific policy document is under preparation for 2015, in which our ambition and the associated targets and initiatives will be set out in addition to the measures already taken.

Overview of measures taken in 2010-2014

1. General Conditions for Procurement and Sub-contracting (AIOV)

This covers various aspects of sustainability, such as integrity, safety, health, the environment, etc. Framework and project contracts are concluded by Procurement virtually exclusively on the basis of these conditions.

2. Sustainability Declaration by Suppliers and Sub-contractors

This CSR declaration is sent to contractors in the case of framework contracts, as standard policy. The declarations signed by contractors to indicate their acceptance are registered in Heijmans' supplier management system on return. The system is also being extended to include project contracts. In cases where contractors do not return the declaration, this is actively followed up. If contractors use a similar more far-reaching conduct code formulated by their own company, this is accepted and registered as a CSR declaration in the supplier management system. If suppliers do not sign the declaration, this may be because they meet similar or even stricter requirements (in many cases involving large groups such as Shell, among others). After checking, this is also accepted. If a supplier does not wish to sign the declaration, there is always a discussion to establish why they do not wish to do so. If these discussions reveal that the reasons put forward are not valid, a decision will be taken to remove the supplier in question from the Procurement supplier database.

3. VCA certified sub-contractors

Sub-contractors who operate at construction sites and workplaces of Heijmans need to have obtained a valid VCA certificate. Exceptions are only permitted in situations where a principal insists on using a sub-contractor or the Procurement Director of Heijmans has signed a statement of exception.

4. Sustainable timber

Since May 2011, Heijmans has followed a policy that all of its directly and indirectly purchased timber must be 100% FSC or PEFC certified timber. The only exception is if the principal has prescribed a type of timber that is not certified. The relevant business units of Heijmans are FSC and PEFC certified.

5. Waste separation, waste reduction and reuse of waste

Under the procurement contracts with several large waste-processing companies, there is active direction to achieve maximum separation of waste at the construction sites. For instance, in 2014 the waste separation rate at Residential Building was set at not less than 75% and the rate for Non-Residential, Roads and Civil was set at not less than 50%. We are also looking at more diversity in the size of containers on site, which significantly reduces the number of transport movements needed.
For projects that are suitable, we are studying whether a materials circuit can be organised whereby – with sufficient volume of waste – a return flow of materials such as sand-lime brick or rock wool insulation can be sent directly to the relevant producer, which can then use this waste as material (cradle-to-cradle).
On projects for which this is relevant, copper and steel waste are collected separately. Where possible, an active effort is made to reduce the usage of pallets and packaging materials by making more use of bulk packaging, or packing the products without packaging in roll cages. At both Roads and Civil, the aim is to reuse at least 75% of waste. We also actively look for possibilities to reuse construction materials left over from projects; these materials can then be used as new material at other locations via a kind of internal marketplace. For Roads, the reuse of recovered bitumen from recycled carpet tiles and roofing materials is being researched as a possible replacement for normal bitumen for asphalt production.
At the office locations, the target for waste separation is 100%.

6. Demolition work

Demolition is expressly recognised by Procurement as a very critical product group. Demolition work is accordingly only outsourced to specialist companies that are required to have obtained a valid SVMS-007 and VCA company certificate. They must also be ISO 14001 certified or have the intention of obtaining this certification within one year. Demolition companies with ISO 9001 and/or OHSAS 18001 certification are preferred.
Preliminary demolition (stripping) has to be included in every project assignment as a contractual condition.
For each project, the demolition company has to provide a materials report that has been drawn up and signed by the company in accordance with SVMS-007 after completion of the works. The principle has to be that the company in question can conclusively demonstrate that at least 95% of the construction and demolition waste will be recycled in accordance with the current National Waste Management Plan (LAP3).
Asbestos remediation must only be carried out by a specialist company with a valid SC 530 certificate. In the event that a contract includes the removal and/or processing of stone-like materials, the company must be in possession of a valid BRL 2506 certificate. In cases involving full or partial soil remediation and/or potential damage to the water management and/or archaeological excavation of the ground, the company doing the work must have obtained a valid SIKB 7000 certificate.

7. Waste management reporting / ISO 14001

In projects where Heijmans or the principal requires receipt of waste management reports from its contractors, these must be uniformly provided in accordance with the provisions of ISO 14001, without the requirement of actually having obtained the certificate. This applies to contractors considered as critical in this context, such as waste and demolition companies, concrete mortar producers, cleaning companies, etc. In 2014 it will be studied whether these companies should be subject to a requirement as a Heijmans contractor to have obtained a valid ISO 14001 certificate. Registration of the possession of an ISO 14001 certificate by a supplier in the supplier management system is under preparation.

8. Reducing CO_2 emissions

The major contractors of Roads and Civil are obliged to state their CO_2 footprints annually. Certain parties will be requested to introduce CO_2 reduction programmes in the conduct of their businesses. Heijmans conducts chain analyses annually. For the purchase of concrete mortar by Roads and Civil, the possibilities of purchasing at least 50% of the volume from low CO_2 binders and/or at least 20% from secondary materials are being studied. Procurement by Facility Services is by definition CO_2 neutral.

9. Energy use and reuse

Green electricity and gas are purchased for the provision of energy to the Company's own offices and construction sites. The target is 15% reduction of usage at the office locations, in absolute terms and per workstation. Energy efficiency is a leading criterion in the purchase of new office equipment. Work is progressing on innovative methods of collecting data effectively at smaller locations, meaning even those locations without smart meters, thus enabling the implementation of actions to reduce energy use. At our own locations that will remain in use for a lengthy period and for which it is profitable, the policy is to install solar panels on the roofs of these locations to the extent possible, thus significantly reducing the amount of energy that has to be purchased. This measure has already been realised at the office locations in Hoogeveen and Veenendaal. At the asphalt plants as well, Procurement is making an important contribution to the purchase of green energy and the reduction of energy use.

10. Limitation of transport movements and site logistics

Within the organisation, Procurement works continually to raise awareness among colleagues with regard to considering the possibilities for reducing the number of transport movements by the supplier in the short-term and long-term project planning. The possibilities for logistical cooperation on projects are investigated in practical terms. We are now increasingly using other forms of cooperation with third parties and with possible links between suppliers and sub-contractors. The number of freight vehicle movements for the delivery of projects is thus being limited, while the timely availability of the products is being improved and numerous usual failure costs and stoppage costs can be avoided. We also look for prefab solutions for projects, which reduces the number of transport movements. For inner-city projects, more and more municipalities require integrated delivery of the materials needed from a transfer location on the edge of the city, whereby the inner-city transport in the designated environmental zones is organised exclusively with vehicles with Euro 4, 5 or 6 diesel engines, depending on the local requirements. Heijmans has partners that can organise this type of transport in the appropriate manner.

11. Social Return On Investment (SROI)

Heijmans is a development partner of PSO-Nederland and thus actively supports the objectives of the Performance Ladder for more socially responsible business (the PSO). The PSO makes the extent to which a company contributes to employment opportunities for people with a more vulnerable position in the labour market (more socially responsible business) measurable. The aim of the development partners is to get more people into sustainable employment perspectives via application of the PSO.

With respect to its projects, Heijmans supports the policy of involving people whose approach to the labour market is at a disadvantage. Social workplace jobs are offered by Heijmans Roads for specific assembly and overhaul works. Where possible, we are studying the possibilities of passing on the requirements of principals to suppliers and sub-contractors. Sub-contractors are screened by Procurement on this basis.

12. Use of dust-free tools and equipment
Quartz dust, which is produced when processing stone-like building materials, can lead to very serious health risks for the employees concerned. Heijmans signed the "Use of Dust-Free Tools and Equipment" statement of intent in 2013, whereby Heijmans undertakes to apply the principle of dust-free working in construction in the conduct of its work, also in cases of outsourcing to sub-contractors. Dust-free working is therefore a binding condition for sub-contractors.

Specific requirements from principals

Apart from our own standards and procedures with respect to sustainability, principals may impose more stringent requirements in certain areas that affect the procurement of our products. Heijmans welcomes this development. It is clearly the case that principals continually and increasingly are calling attention to sustainability and are reflecting this in their award criteria. The CO_2 Performance Ladder, BREAAM, EMVI, AgentschapNL criteria (Pianoo), ISO 26000, the Energy Performance Standard in the residential building sector, contract documentation requirements and additional requirements from principals are increasingly contributing to this development, so that Procurement has to search for more sustainable solutions for purchasing requirements. Suppliers that are unable to meet these requirements are accordingly excluded from the supplier selection for the project in question. Also due to considerations made by Procurement regarding total cost of ownership (TCO), principals are increasingly interested in energy efficient LED lighting, installation of solar panels, more energy-efficient lifts and systems etc., despite the contractual documentation or in addition thereto.

Further sustainability in procurement of products

Developments do not stand still. Heijmans will accordingly revise its sustainability programme in 2015. For the future, "sustainability" will be added to the product group card, so that sustainability will also be a consideration in the purchasing strategy for the product group in question for product groups that are suitable. This is already the case for facility procurement. Regarding the purchase of natural stone, a start will be made on increasing sustainability in the chain by selecting trading channels that take measures that are designed, especially with respect to extraction sites for natural stone, to select parties which, for instance, are actively working in the local area to improve working conditions and/or which are selecting quarries much closer to the Netherlands.

Chain integration

Chain integration concerns increasing the influence of Heijmans on sustainability in the chains in which it operates. For the procurement of concrete, research is being carried out, in cooperation with constructors and producers, into new compositions that could lead to the possibility of concrete constructions being lighter (and therefore needing less volume). Innovation projects have been started with a number of suppliers that meet the demand from principals for more sustainable solutions for their projects. In addition, Heijmans increasingly applies the BIM (Construction Information Model) for its projects, which also encourages sustainable and innovative cooperation in the chain and contributes to more efficient building processes, meaning that our suppliers can also work faster and more effectively, failure costs can be reduced, and progress towards supra-project cooperation with innovative sustainable partners can be achieved.

DMA (Disclosure on Management Approach)

	Material aspects	DMA and Indicators		
		Why material	**Management processes**	**Evaluation processes**
1	**Being financially sound** G4-EC1 (page 33)	Our stakeholders indicate that delivery of a good price/quality ratio is essential. This also adds economic value, which provides for employment and continuity	The annual report of Heijmans provides extensive details on the financial values and management processes at Heijmans with respect to financial performance.	Evaluation by internal controls, external auditing, annual reporting and reporting to the GMS.
2	**Customer satisfaction** G4-PR5 (page 67)	The stakeholder group of customers is obviously crucial to Heijmans. The indications that we have received from the discussions we have with this group is that delivering added value at a good price leads to customer satisfaction.	Customer satisfaction is measured in various ways at Heijmans, but there is no uniform overall figure available. Elements that ensure that customer satisfaction is measured are the project evaluations, the customer satisfaction surveys for residential building, the numbers of recorded complaints and the snagging lists.	Mechanisms for evaluation are implemented in the context of the ISO 9001 quality management systems.
3	**Safety** G4-LA6 (page 45)	Providing a safe working environment is one of the policy priorities for Heijmans. For the stakeholder group of employees, this is of primary importance. Moreover, many construction works are by their nature potentially dangerous due to the large scale and number of machines in use.	At Heijmans, employees are trained according to the VCA methodology. In addition, sub-contractors are expected to have obtained VCA or equivalent certification. All sorts of physical measures are implemented at construction sites to promote safety	Evaluation is part of the VCA system. Various indicators are also measured by the specific Quality & Safety organisation. KPIs include the number of accidents, sub-contractors holding VCA certification and incident frequency (IF).
4	**Strategy implementation** G4-42 (page 100)	The most important issue for the stakeholder group of investors and shareholders is publishing and persevering with a strategy.	Heijmans has reported on the progress of its strategy in various places in the report, also in qualitative terms. The strategy focuses on improving the core processes and renewal and innovation ("The Contours of Tomorrow").	The strategy is evaluated in the quarterly reports of the various business units to the PLC organisation. Progress is also monitored by the Executive Committee and in reporting to the Supervisory Board.
5a	**Sustainable business operation / Materials** G4-EN23 (page 58)	The industry features heavy use of materials, and Heijmans also has a role regarding the making of choices. In addition, the construction industry produces a great deal of remaining materials, some of which can be recycled for reuse.	The Company has various initiatives to ensure that waste is separated at the construction site. Agreements are also made with suppliers regarding reducing the amount of packaging and the reuse of materials.	Reporting by waste processors. Embedding in the quality and environmental management system. Evaluation of suppliers.
5b	**Sustainable business operation / Energy** G4-EN3 (page 58)	Energy is used in our offices, at our construction sites, at production locations and for transport. In addition, Heijmans can influence the energy performance of the buildings it produces. The most important emission is CO_2, which is associated with the energy used by the organisation.	The energy performance of transport is managed by means of vehicle leasing schemes. Furthermore, Heijmans calculates its footprint each year and takes action to improve its footprint (energy management plan). Heijmans has achieved the highest level (5) of the SKAO CO_2 performance ladder.	Evaluation of energy management plan by the Executive Committee. Annual tests by a certified institution on the basis of the CO_2 performance ladder. Evaluation of procurement lease contract. Independent testing by a certificating institution. Assessment of the energy management plan
5c	**Sustainable business operation / Waste** G4- EN23 (page 58)	The construction industry produces a great deal of residual materials, some of which can be recycled for reuse. Separation of waste on site is needed to improve recycling	The Company has various initiatives to ensure that waste is separated at the construction site. Agreements are also made with suppliers with regard to reducing the amount of packaging and the reuse of materials.	Reporting by waste processors. Embedding separation and recycling into the quality and environmental management system. Evaluation of suppliers.
6	**Procurement practice and supplier evaluation** G4-EN32 (pages 51 + 58)	Heijmans generates a large proportion of its revenue through sub-contractors, suppliers and producers.	Heijmans has a procurement system which includes supplier evaluation. In addition, A-suppliers are requested to sign a statement.	Annual evaluation in the procurement system and assessment/ evaluation via the quality management system, direct discussions with large suppliers.
7	**Knowledge intensity** G4-LA9 (page 44)	One of the most important aspects regarding the strategy and future profitability is the attainment of a higher level of knowledge intensity within the organisation.	The drive to increase knowledge intensity is reflected in the total strategic direction in the discussions with the Executive Committee and by means of regular training programmes at Heijmans.	A specific indicator has been formulated in order to monitor and evaluate this aspect. This indicator is related to the training level and the job profiles in the organisation. This forms part of the HR reporting system.

GRI G4 index

GRI G4 code	GRI G4 indicator	Stated in	Page
Strategy and analysis			
G4-1	Statement from the most senior decision-maker regarding the relevance of sustainable development for the organisation and its strategy.	AR	6 + 63
G4-2	Description of key impacts, risks and opportunities.	AR	11, 45 and 88
Organisation profile			
G4-3	Name of the organisation.	AR	1 + 4
G4-4	Primary brands, products and/or services.	AR	12
G4-5	Location of the organisation's headquarters.	Web	
G4-6	Number of countries in which the organisation operates (with relevance to sustainability issues).	AR	63
G4-7	Nature of the ownership structure and the legal form	AR	17
G4-8	Markets served (geographical breakdown, sectors served and types of customers).	AR	12
G4-9	Scale of the organisation.	AR	13
G4-10	Total workforce by employment type, employment contract and region.	AR	47
G4-11	Percentage of employees covered by a collective bargaining agreement.	AR	47
G4-12	The organisation's supply chain.	AR	11
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain.	AR	12
G4-14	Application of the precautionary principle.	AR	80
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives which the organisation endorses.	AR	84 + 53
G4-16	Memberships of associations and/or national and international interest groups.	AR	53 + 77
Identified material aspects and boundaries			
G4-17	a. Overview of entities included in the consolidated financial statements of the organisation or equivalent documentation. b. Entities in the consolidated financial statements that are not included in the report.	AR	
G4-18	Process for defining the report content.	AR	63
G4-19	List of all material aspects identified in the process of defining the report content.	AR	57 + 58
G4-20	The boundaries of the material aspects falling within the organisation.	AR	60
G4-21	The boundaries of the material aspects that fall outside the organisation.	AR	60
G4-22	Explanation of the effect of any restatements of or amendments to the information provided in previous reports, and the reasons for these restatements or amendments.	AR	61
G4-23	Significant changes from previous reporting periods with respect to the scope and aspect boundaries.	n.a.	
Stakeholder engagement			
G4-24	List of groups of stakeholders engaged by the organisation.	AR	54
G4-25	Basis for identification and selection of stakeholders.	AR	54
G4-26	Approach to stakeholder engagement.	AR	54
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded. Report the stakeholder groups that raised an important topic or concern.	AR	4
Report profile			
G4-28	Reporting period.	AR	1
G4-29	Date of most recent report.	AR	1
G4-30	Reporting cycle.	AR	1
G4-31	Contact point for questions.	AR	62
G4-32	a. The 'in accordance' option chosen by the organisation. b. GRI index for the chosen option. c. Reference to the external assurance report if the report has been externally verified.	AR	64
G4-33	Policy and current practice with regard to seeking external assurance for the report.	AR	64
Governance			
G4-34	Structure of the highest governance body and the committees responsible for decision-making on economic, environmental and social impacts.	AR	102
G4-35	Process for delegating authority from the highest governance body to senior executives and other employees for economic, social and environmental topics.	AR	102
G4-36	Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether these officers report directly to the highest governance body.	AR	45, 63 + 102
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	AR	54
G4-38	The composition of the highest governance body and its committees.	AR	9 + 102
G4-39	Indicate whether the Chair of the highest governance body is also an executive officer.	AR	9
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body and the criteria for appointing and selecting the members of the highest governance body.	AR	103
G4-41	Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	AR	84
G4-42	The role of the highest governance body and senior managers in the development, approval and updating of the mission and vision, strategies, policy and goals with respect to economic, environmental and social impacts.	AR	102
G4-43	The measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	AR	102
G4-44	a. Processes for evaluating the highest governance body's own performance with respect to governance in relation to economic, environmental and social topics. b. Actions taken as a result of the evaluation of the highest governance body's performance with respect to the management of economic, environmental and social topics, including memberships and organisational changes.	AR	102

G4-45	a. The role of the highest governance body in identifying and managing economic, environmental and social impacts, risks and opportunities. Include the role of the highest governance body in the conduct of due diligence processes. b. Are stakeholders consulted in the identification and management of economic, environmental and social impacts, risks and opportunities in support of the highest governance body.	AR	102 + 54
G4-46	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics.	AR	88
G4-47	The frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	AR	63
G4-48	The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that material aspects are covered.	AR	100
G4-49	The process for communicating critical concerns to the highest governance body.	AR	84
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address and resolve them.	AR	84
G4-51	The remuneration of members of the highest governance body, senior managers and executives for the various types of remuneration.	AR	FS
G4-52	The process for determining remuneration.	AR	106
G4-53	How the views of stakeholders with respect to remuneration are requested and taken into account, including the results of votes on the remuneration policy and proposals, if applicable.	AR	GMS
G4-54	The ratio of the annual total remuneration for the organisation's highest-paid individual in each country of significant operation to the median annual total remuneration for all employees (excluding the highest-paid individual) in the same country.	Nr	
G4-55	The ratio of percentage increase in annual total remuneration for the organisation's highest-paid individual in each country of significant operation to the median percentage increase in annual total remuneration for all employees (excluding the highest-paid individual) in the same country.	Nr	
Ethics and integrity			
G4-56	The values, principles, standards and conduct standards of the organisation, such as codes of conduct and ethical codes.	AR	79
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to integrity, such as help lines or advice lines.	AR	79
G4-58	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	AR	83
Economic performance indicators			
Economic performance			
G4-EC1	Direct economic values that are generated and distributed.	FS	33
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Nr	
G4-EC3	Coverage of the obligations related to the organisation's defined benefit plan.	FS	
G4-EC4	Significant financial assistance received from government.	n.a.	
Market presence			
G4-EC5	Ratios of standard entry level wage and local minimum wage at significant locations of operation.	Nr	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	nr	
Indirect economic impact			
G4-EC7	Development and impact of infrastructure investments and supporting services.	Nr	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Nr	
Procurement practices			
G4-EC9	Proportion of spending to local suppliers at significant locations of operation.	Nr	
Environmental performance indicators			
Materials			
G4-EN1	Total materials used by weight or volume.	Nr	
G4-EN2	Percentage of materials used consisting of waste from external sources.	Nr	
Energy			
G4-EN3	Energy consumption within the organisation.	AR	60
G4-EN4	Energy consumption outside the organisation.	Nr	
G4-EN5	Energy intensity ratio.	AR	60
G4-EN6	Reduction of energy consumption.	Nr	
G4-EN7	Reduction in energy requirements of products and services.	AR	60
Water			
G4-EN8	Total water withdrawal by source.	Nr	
G4-EN9	Water sources significantly affected by withdrawal of water.	Nr	
G4-EN10	Percentage and total volume of water recycled and reused.	nr	
Biodiversity			
G4-EN11	Business locations owned, leased, managed in or adjacent to protected areas, and areas of high biodiversity value outside protected areas.	n.a.	
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Nr	
G4-EN13	Habitats protected or restored.	Nr	
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Nr	
Emissions			
G4-EN15	Direct greenhouse gas emissions by weight (scope 1).	AR	60+web
G4-EN16	Indirect greenhouse gas emissions by weight (scope 2).	AR	60+web
G4-EN17	Other relevant indirect greenhouse gas emissions by weight (scope 3).	AR	60+web

G4-EN18	Greenhouse gas emissions intensity ratio.	AR	60+web
G4-EN19	Reduction of greenhouse gas emissions.	AR	60+web
G4-EN20	Emission of ozone depleting substances.	Nr	
G4-EN21	NOx, SOx and other significant air emissions.	Nr	
Effluents and waste			
G4-EN22	Total water discharge by quality and destination	Nr	
G4-EN23	Total weight of waste by type and disposal method.	AR	60
G4-EN24	Total number and volume of significant spills.	Nr	
G4-EN25	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annexes I, II, III and VIII, and percentage of transported waste shipped internationally.	Nr	
G4-EN26	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and run-off.	Nr	
Products and services			
G4-EN27	Initiatives to compensate for environmental impacts of products and services and the extent of this compensation.	AR	24,24 + 56
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed, by category.	n.a.	
Compliance with legislation and regulation			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulation.	Nr	
Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce.	Nr	
Other			
G4-EN31	Total environmental protection expenditures and investments by type.	Nr	
Supplier environmental assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	AR	53 + 60
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain, and actions taken.	AR	53 + 63
Environmental grievance mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms.	Nr	
Labour practices and indicators for decent work			
Employment			
G4-LA1	Total number and turnover rate of the workforce by age group and gender.	AR	48
G4-LA2	Benefits provided to full-time employees that are not provided to part-time employees, by significant activity.	Nr	
G4-LA3	Return to work and retention rates after parental leave, by gender.	Nr	
Labour and management relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	AR	47
Health and safety			
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and provide advice on occupational health and safety programmes.	AR	47
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by gender and region.	AR	47 + 60
G4-LA7	Workers with a high incidence or high risk of diseases related to their occupation.	Nr	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	AR	47
Training and education			
G4-LA9	Average hours of training per year per employee by gender and by employee category.	AR	46
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	AR	46
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Nr	
Diversity and equal opportunity			
G4-LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group and other indicators of diversity.	AR	47 + 103
Equal remuneration for men and women			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category and by location of operation.	Nr	
Supplier assessment for labour practices			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	AR	60
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain, and actions taken.	AR	63 + appen-dix
Labour practices grievance mechanisms			
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	AR	83
Human rights			
Investments			
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	Nr	
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Nr	
Non-discrimination			
G4-HR3	Total number of incidents of discrimination, and actions taken.	Nr	
Freedom of association and collective bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and the right of collective bargaining may be violated or may be at significant risk, and measures taken to support these rights.	Nr	

Child labour			
G4-HR5	Operations and suppliers identified as having a significant risk of incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	AR	53
Forced or compulsory labour			
G4-HR6	Operations and suppliers identified as having a significant risk of incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	AR	53
Security practices			
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.	n.a.	
Indigenous rights			
G4-HR8	Total number of incidents of violations involving rights of indigenous people, and actions taken.	n.a.	
Assessment			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	n.a.	
Supplier assessment with regard to human rights			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	AR	60
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	AR	53
Human rights grievance mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms.	Nr	
Society			
Local communities			
G4-SO1	Effects of operations on the community.	AR	12
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	n.a.	
Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	Nr	
G4-SO4	Communication and training on anti-corruption policies and procedures.	AR	84
G4-SO5	Confirmed incidents of corruption and actions taken.	Nr	
Public policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	n.a.	
Anti-competitive behaviour			
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.	Nr	
Compliance with laws and regulations			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Nr	
Supplier assessment for impacts on society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	AR	60
G4-SO10	Significant actual and potential negative impacts on society in the supply chain, and actions taken	AR	53
Grievance mechanisms for impacts on society			
G4-SO11	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms.	Nr	
Customer health and safety			
Customer health and safety			
G4-PR1	Percentage of significant product and service categories for which the impact on health and safety are assessed for improvement.	Nr	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcome.	Nr	
Product and service labelling			
G4-PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	n.a.	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome.	n.a.	
G4-PR5	Results of surveys measuring customer satisfaction.	AR	72, DMA
Marketing communications			
G4-PR6	Sale of banned or disputed products.	n.a.	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcome.	nr	
Customer privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	nr	
Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	nr	

Abbreviations
GMS = general meeting of shareholders
DMA = Disclosure on Management Approach
FS = financial statements
AR = annual report
nr = not reported
n.a. = not applicable
web = website

Abbreviations

AEX	Amsterdam Exchange Index
AFM	Netherlands Authority for the Financial Markets
ARBO	Working Conditions Act
AScX	Amsterdam Small Cap Index
GMS	General Meeting of Shareholders
BHV	Company emergency response
BIM	Building Information Model
BVP	Best Value Procurement
cao	Collective bargaining agreement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CWC	Central Works Council
CTO	Chief Technology Officer
DB	Design Build
DBFM	Design Build Finance Maintain
DBFMO	Design Build Finance Maintain Operate
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EEA	European Economic Area
MEAT	Most Economically Advantageous Tender
EWC	European Works Council
EPC	Energy performance coefficient
ERP	Enterprise Resource Planning
FSC	Forest Stewardship Council
GHG	Greenhouse Gas Protocol
GO!	Geen Ongevallen, or No Accidents
GRI	Global Reporting Initiative
HR	Human Resources
HRM	Human Resources Management
ICT	Information and communication technology
IF	Injury Frequency
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IL&T	Inspectie Leefomgeving en Transport, or Human Environment and Transport Inspectorate
ILO	International Labour Organisation
IP	Intellectual Property
ISO	International Organisation for Standardisation
IT	Information Technology
KPI	Key Performance Indicators
LED	Light Emitting Diode
NEPROM	Nederlandse Vereniging van Projectontwikkeling Maatschappijen, or The Netherlands Association of Property Developers and Investors
NYSE	New York Stock Exchange
OECD	Organisation for Economic Cooperation and Development
PEFC	Programme for Endorsement of Forest Certification Schemes
PPP	Public Private Partnership
PPS	Publiek Private Samenwerking
SB	Supervisory Board
SBIB	Stichting Beoordeling Integriteit Bouwnijverheid, the Foundation for Assessment of Integrity in the Construction Industry
Stichting AK	Stichting Administratiekantoor Heijmans, or SA Trust
SWK	Stichting Waarborgfonds Koopwoningen, or Owner-occupied housing guarantee fund
TRECO	Towards Real Energy performance and COntrol by predicting, monitoring, comparing and controlling
VCA	Veiligheid, gezondheid en milieu Checklist Aannemers, or Health, safety and environmental checklist for contractors
VGM	Veiligheid, Gezondheid en Milieu, or Health, Safety and Environment
WFT	Wet op het Financieel Toezicht, or Financial Supervision Act
WC	World championship
TES	Thermal energy storage
WMZ	Wet melding zeggenschap, or Disclosure of Major Holdings in Listed Companies Act
ZOAB	Zeer Open Asfaltbeton, Very Open Asphalt Concrete

Questions?
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